

Mubarak takes sober line on Israeli election

By James Whittington in Cairo

Egyptian President Hosni Mubarak yesterday dismissed the campaigning in Israel's election as divorced from the reality of the Middle East.

"During elections everyone says that they'll make things very easy and they cover the ground with carpets, but afterwards the reality will hit them," Mr Mubarak said in an interview with the Financial Times.

He was particularly critical of a weekend debate between Mr Shimon Peres, Israeli prime minister, and opposition leader Mr Benjamin Netanyahu, who both pledged to make Jerusalem the undivided and eternal capital of their country.

"Jerusalem is an issue which is negotiable and this has already been agreed upon. Unless the problem of

Jerusalem is solved in a convenient way to all parties there will always be big problems... Both Peres and Netanyahu understand this," the Egyptian president said.

Predictably, he said he "didn't care" who was elected as Israel's next prime minister.

"I never get nervous," he said. "This is the fate of the people of Israel. I have good relations with Shimon Peres but I've never met Netanyahu and I don't know his true thinking... If he starts putting obstacles in the way of the peace process, then definitely there will be a big problem, but we'll have to wait and see."

Mr Mubarak also revealed that he had sent a team of inspectors to an alleged underground chemical weapons plant in the Tarhounah mountains, 55km south-east of Tripoli, in Libya.

"We have already sent people to Tarhounah and there is nothing to see inside the tunnels. There is no chemical installation for the time being and there is no activity there."

Mr Mubarak said that Libyan leader Colonel Muammar Gaddafi had asserted that "they can be used as a store for ammunition or something and I am asking him to avoid any involvement in chemical weapons. Otherwise they'll be a disaster."

During a visit to Cairo in April, Mr William Perry, the US defence secretary, said he had evidence Libya was building the world's largest underground chemical plant. The Libyans claimed it was part of the man-made river development that pumps water from aquifers in the south to urban centres on the Mediterranean.

The Libyan leader has been in Cairo

since Saturday for talks about Tarhounah, among other things, and Mr Mubarak said he hoped to persuade him to let a team of international inspectors visit the site. He also said he hoped to get guarantees that Libya would not re-activate the expulsion of thousands of Palestinians.

Last October, Col Gaddafi ordered the expulsion of about 30,000 Palestinians, and other foreign workers, to highlight the difficulties of the Palestinian-Israeli peace agreement.

Many had nowhere to go and could not get papers for entry into Egypt and the Palestinian territories. As creation of a new class of Palestinian refugees began to strain regional tensions, Egypt persuaded Mr Gaddafi to give them a six-months reprieve, which expired at the end of April.

Deep divide, Page 21



Mubarak: critical of debate

INTERNATIONAL NEWS DIGEST

Thai finance minister quits

Mr Surakiat Sathirathai, Thailand's embattled finance minister, yesterday submitted his resignation at the request of Prime Minister Banham Silpa-archa. Mr Surakiat is the 11th Thai cabinet member to resign in recent days, paving the way for Mr Banham to reshuffle the cabinet, a move crucial to his own political future. The prime minister had an audience with Thailand's king last night to review the new cabinet line-up but did not make an announcement or say whether he had accepted Mr Surakiat's resignation.

But Mr Surakiat said he considered his removal to be a done deal. "I hope my successor continues Thailand's programme of financial liberalisation," he said.

Local newspapers said the likely candidates to succeed him were Mr Bodi Chuanmananda, former head of the Budget Bureau, and Mr Paron Irasena, president of Shinawatra Satellite and former head of the royally owned Siam Cement Group.

Ted Bardacke, Bangkok

S Korean growth put at 7.9%

The South Korean economy grew by a surprisingly buoyant 7.9 per cent during the first quarter of 1996, but the central bank warned the gross domestic product growth rate would slow. GDP growth in the first quarter was higher than the previous quarter's rate of 6.8 per cent and exceeded the central bank's forecast of 7.3 per cent. The upsurge in economic performance reflected strong exports, increased infrastructure construction and robust consumer spending.

Exports rose by 24 per cent as shipments of electronics, transport equipment and industrial machinery increased to east European countries. The construction sector grew by 9.3 per cent as spending on public works increased, while private consumption rose 7.2 per cent. The central bank predicted that economic growth would slow in the second quarter because of sluggish exports of cars and semiconductors and a fall in construction investment.

John Burton, Seoul

Israeli interest rates to rise

The Bank of Israel yesterday said it would raise interest rates 0.7 percentage points in June in an attempt to rein in inflation after consumer prices rose 1.7 per cent last month. The increase in April's monthly index put inflation for the first four months of the year at 4.5 per cent, suggesting that the 1996 rate will far exceed last year's 8 per cent.

After the interest rate increase in June, commercial banks will pay 15.5 per cent in interest to the central bank instead of 14.8 per cent. The Bank of Israel has kept rates high as part of its plan to control inflation, keeping the Israeli shekel stable at around three to the dollar for more than three years. Critics say the policy has caused Israel's growing trade deficit, which reached \$2.97bn in the first quarter of 1996.

AP-DJ, Jerusalem

NSW pensions group to be sold

The New South Wales state government will go ahead with privatising the state pension fund management unit, which handles around A\$17bn (US\$13.6bn) of public servants' retirement funds. Fund management businesses usually sell at 1 to 2 per cent of funds under management, suggesting the disposal could bring in A\$500m-A\$600m for the state government. The government announced earlier this year it was splitting out the fund management arm of the State Superannuation Corporation from the administration unit, and Mr Michael Egan, state treasurer, then said he was in favour of privatising the former part.

Nikki Tai, Sydney

Tougher line may affect investors in oil and gas

Kazakhs to tighten up on tax under IMF deal

By Sander Thoonen in Almaty

Kazakhstan has reached a preliminary agreement with the International Monetary Fund for a \$450m loan, but it is tied to tougher taxation which may discourage new investment in the oil and gas sector, Kazakh officials said.

The three-year Extended Fund Facility, if approved by the IMF board later this year, would be a step beyond earlier one-year standby facilities. The IMF approved a \$10bn facility for Russia last year April.

Mr Uraz Dzhandosov, chairman of Kazakhstan's National Bank said his government had pledged to cut inflation to 26-28 per cent by the end of the year, down from 160 per cent in 1995 and 1,268 per cent in 1994.

Fund officials had earlier urged Kazakhstan to set a 30 per cent inflation target but raised the ceiling when inflation rates in the first quarter were higher than expected.

Bank financing of the budget deficit should go down to 0.8 per cent of gross national product, with Treasury bills and foreign credits covering the remainder of a 2.8 per cent deficit, according to Ms Zhanat Ertesova, the first

deputy economics minister. Kazakhstan will be hard pushed to adhere to a tight budget as it faces a looming payment crisis that has brought hundreds of enterprises to a near standstill.

Ms Ertesova said the government would tighten control over monopolies, especially in energy and transport, which have pushed many enterprises into debt by raising prices.

She said her government had pledged to boost tax revenues from 15 per cent of gross domestic product to 20 per cent, but had resisted IMF pressure to raise existing taxes. Instead, the government would boost returns mainly by improving tax collection and by introducing new taxation on natural resources.

Ms Linda Senat, vice president of the International Tax and Investment Centre, a London-based lobby that has focused on oil taxation in Kazakhstan, said that the Kazakh parliament appeared keen on passing a draft law on taxation of natural resources within a month.

"It's quite a tough regime," said Ms Senat. "And there are still gaps that leave a lot of

uncertainty. The tax inspectorate is trying to find the right balance between revenue raising and foreign investment."

Most current investors in the Kazakh oil, gas and gold sectors have obtained tax exemptions, but some, including a large British Gas venture, may face tax increases because they have yet to sign a production sharing agreement.

New investments that could be affected include the Vasilkovskoye gold mine and the Zhanazhol and Kumkol oilfields, which are up for tender.

Ms Ertesova said the government would continue interest payments on foreign debts to regain trust abroad after a number of defaults in previous years.

The government would now only guarantee viable investments in infrastructure and social projects, relying on private investments for other sectors, she said.

The tough budget will also hurt social welfare, already devastated by years of low financing.

Ms Ertesova said that social services, much of which used to be provided by local industries, would be transferred to city governments.

Lebanon banking law boosts financial hopes

By Rouda Khelaf

Lebanese banks have welcomed a law passed last week which allows them to float up to 30 per cent of their shares without prior central bank approval.

Bankers warned, however, that the stock market's lack of liquidity and the absence of an independent stock exchange regulator would continue to delay listings.

After last month's Israeli bombing campaign disrupted reconstruction efforts, it has become all the more important for Lebanon to bolster banks and the bourse - both central to its efforts to re-emerge as a regional financial centre.

Lebanon's banks survived the country's 15 years of civil war partly due to regulation, imposed during the war, which forced them to obtain prior central bank approval for each new shareholder. The central bank's aim was to shield a vital industry from being taken over by unsavory investors or abused by militia warlords.

But the regulation became a liability once the war ended and the steep devaluation of the Lebanese pound eroded the banks' capital.

As foreign banks began trickling back to Beirut, bringing capital and expertise, Leb-

anese banks' need to recapitalize increased and bankers lobbied for the regulation to be scrapped.

The new law will enable Lebanon's 79 banks to compete on a better footing with foreign newcomers.

It also acts as a first step towards injecting some life into the Lebanese bourse, which opened after much delay earlier this year but still has only four stocks listed and a daily trading volume of only a few thousand dollars.

Some bankers said the new law was in itself insufficient while the stock market was so limited.

"It is a good law provided there is a stock market and the market is strong enough and liquid enough," said one banker. "The first condition for anyone to list is liquidity and depth of the market."

Lebanese officials are partly pinning their hopes for Lebanon's revival on a vibrant stock exchange where they expect companies from other Arab countries - Syria in particular - eventually to list their shares.

Lebanon's family-controlled businesses have been slow to issue shares on the bourse and have been discouraged by undervalued balance sheets resulting from the

local currency's depreciation.

Mr Freddie Baz, adviser to Banque Audi, which is expected to be among the first banks to list, said he would like to see how the bourse will be regulated before applying for a listing. "We want to see tighter surveillance to make sure that the stock exchange is well regulated," he said. The Lebanese government, however, is still working on setting up a securities and exchange watchdog.

Perhaps as important for Lebanese banks is another law passed by parliament last week enabling them to manage fiduciary accounts and other off-balance-sheet items. This law will allow Lebanese banks to place depositors' funds with other institutions outside the country and manage them in return for a fee.

With billions of dollars held by Lebanese outside the country, this could prove a boon to some banks, especially as the accounts will not appear on the domestic institutions' balance sheet nor raise the banks' risk profile.

"This is the most important development in the banking system since bank secrecy laws," Mr Baz said. "The mix of bank secrecy and fiduciary accounts - will give the banking system a new competitive edge."

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NEWS: ASIA-PACIFIC

Japan's giants recruit more graduates Alarms sound over China's slower economy

By William Dawkins in Tokyo

Honda, the Japanese carmaker, yesterday said its graduate intake would double this year...

Other pillars of Japan's industrial establishment to have announced increases in recruitment...

Recruitment increases have even spread to financial services, where stockbrokers Yamachi Securities...

But Honda's performance, while impressive, is only slightly better than the average...

Honda will hire 400 graduates this year, which compares with the 700 graduate posts...

year, announced recently by Matsushita, the world's largest consumer electronics company...

China's economists and their western counterparts have become increasingly concerned by sluggish jobs growth...

The economy has been driven during the past several years by strong export growth, reduced asset investment and high levels of consumer spending...

China, it seems, is entering a new and testing phase in its efforts to maintain growth while curbing inflation.

China's export growth faltered in the first quarter - it recorded a trade deficit of \$1.15bn in the three months to March...

Tony Walker reports on fears about the effect of strict curbs on fixed asset investment

China: slowing down



asset expenditures during 1992-1993 boom years was blamed for creating excessive demand and feeding inflation...

Mr Zheng noted that in the first quarter fixed asset investment grew by 16.2 per cent...

But retail sales continue to be strong, with sales volume up 23.8 per cent on the same period last year...

TIANANMEN PROTEST OFFICIAL LEAVES JAIL

China yesterday released Mr Bao Tong, the most senior official jailed in connection with the 1989 pro-democracy agitation...

Mr Bao Tong, 52, was spirited away to Beijing's Western Hills resort on his release, apparently to shield him from the foreign press...

China is treating Mr Bao's release with great caution since it comes just one week before the seventh anniversary of the June 4 crackdown...

which dozens of demonstrators died at the hands of the security forces in and around Beijing's central Tiananmen square...

Mr Bao's father, reported her father was being held, following his release after serving a full seven-year jail term...

Carmaker to end some outsourcing

By Michio Nakamoto in Tokyo

Mitsubishi Motors is to take back the production of some automatic transmissions in-house to raise capacity utilisation...

MMC's move contrasts sharply with that of GM, the US vehicle manufacturer, which faced a strike over its plans to outsource some parts manufacturing to cut costs...

Rather than close a line, reduce its workforce and cut costs MMC is increasing production to keep its workers busy...

The Japanese carmaker is investing ¥10bn (\$94m) in an engine manufacturing line in Kyoto to equip it for the production of an additional 180,000 transmissions...

With a mature domestic market and a need to shift more production overseas to cope with the high yen, a number of Japanese carmakers have struggled with low capacity utilisation rates and excess workers...

Some industry analysts believe two or three car manufacturing plants need to be closed to improve the competitiveness of Japanese car-

Howard may sidestep MPs on sell-off plan

By Bethan Hutton in Sydney

The Australian prime minister, Mr John Howard, said yesterday he was prepared to use any lawful means to fulfil his election promise of privatising one third of Telstra, the national telecommunications carrier...

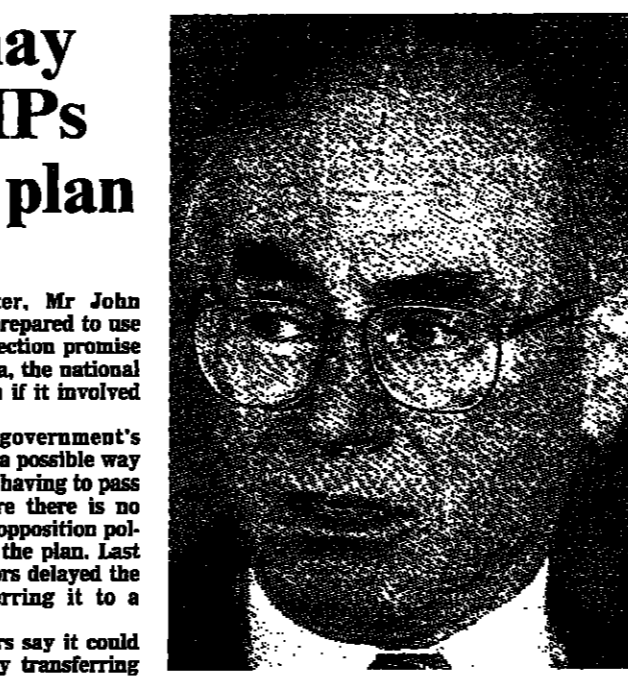
His comments follow the government's admission that it was examining a possible way to sell off part of Telstra without having to pass a bill through the Senate...

The government's legal advisers say it could avoid the need for legislation by transferring Telstra assets to a new company, jointly owned by Telstra and the government...

Critics said the scheme would be more complicated and expensive than a straightforward privatisation, and could reduce consumer protection.

The opposition communications spokesman, Mr Chris Schacht, accused the government of a "snub to parliamentary democracy" and said it had been "extremely duplicitous" in starting to plan the alternative privatisation route...

The sell-off is expected to raise about \$8bn.



Howard: no majority in the senate

US\$1.6bn) in stamp duty. Mr Jim Short, assistant treasurer, denied that the scheme would amount to asset stripping.

The minister for communications, Mr Richard Alston, said that the straightforward parliamentary route was still the government's preferred option.

The Telstra privatisation plan was a controversial part of the Liberal-National party coalition's election manifesto...

IMF sees higher growth for Philippines economy

By Edward Luce in Manila

Philippine gross national product is set to grow by 7 per cent in 1996, up from 5.7 per cent last year, according to a letter of intent to be signed by the government and the International Monetary Fund this week.

The letter, setting out conditions and targets for the final year of the Philippines' three-year IMF programme, says the success of the government's reforms has lifted the country's growth rate.

The IMF is strong on the country's strong export performance and good investment flows augur well for continued higher sustained growth...

Mr Romeo Bernardo, Philippine undersecretary for finance, said the controversy between the IMF and the government last year about what some saw as excessive money supply growth had been overtaken by events...

The country's debt service costs, as a proportion of exports, will fall from 14 per cent to 12 per cent.

The Philippine government, which yesterday announced it was returning to the Samual bond market for the first time in 15 years with \$400m worth of yen-denominated debt...

MANILA'S ECONOMIC PERFORMANCE

Table with 3 columns: 1994, 1995, 1996*. Rows: GNP growth (%), Inflation (%), Budget surplus (in pesos).

*Actual, **IMF target. Source: Department of Finance

is now on a downward trend," said Mr Bernardo. "The IMF is also confident that we are now in a position to push through our septic tax reform legislation..."

Under the targets for the remaining 12 months of the \$650m IMF programme, the government will have a budget surplus this year of almost 1 per cent of gross domestic product...

The ceiling for broad money growth (M3) will be cut from 31 per cent to about 25 per cent and the central bank's foreign exchange reserves will rise to two-and-a-half months worth of imports or about \$10bn.

The country's debt service costs, as a proportion of exports, will fall from 14 per cent to 12 per cent.

The Philippine government, which yesterday announced it was returning to the Samual bond market for the first time in 15 years with \$400m worth of yen-denominated debt...

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IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH advertisement for WWF.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS table with columns for United States, Japan, Germany, France, Italy, and United Kingdom.

Handwritten Arabic text at the bottom of the page.

Daewoo takes over Romanian shipyard

By Virginia Marsh in Cluj, Romania
 Daewoo, the acquisitive South Korean industrial group which is already one of the biggest foreign investors in the former eastern bloc, is to take control of one of the Black Sea's most important shipyards.

Under an agreement signed in Bucharest yesterday, it is to invest \$53m in a 51 per cent stake in Romania's 2 Mai shipyard at Mangalia, 45km south of Constanta, the country's main Black Sea port. After Constanta, 2 Mai is Romania's

second largest shipyard with capacity to build and repair ships of up to 200,000 deadweight tonnes.

It has two docks including the largest repair dock in the Black Sea and also produces rigs and equipment for the country's offshore oil industry.

Daewoo is already by far the country's most important foreign investor.

It plans to invest \$90m in Rodae Automobile, the joint venture it formed with Romania's second car producer in 1994, has applied for a local banking licence and is also

considering projects in the tourism and rail sectors.

Total direct foreign investment in Romania since 1988 reached \$1.78bn at the end of April according to the Romanian Development Agency, the inward investment body.

Romania, which has 12 shipyards, has one of the world's largest shipbuilding industries and the joint venture, first planned two years ago, was delayed partly due to local opposition to selling a company considered of strategic importance to a foreign investor.

Privatisation officials said Daewoo's investment, to be paid in instalments, would boost quality and productivity at the shipyard and that the company had agreed to maintain a workforce of 3,400 for at least two years. Although 2 Mai, built 20 years ago, has orders until 1997, it has been constrained by its outdated technology.

The aim is to increase production from less than one ship a year to more than six and to lift the number of ships repaired at the yard to over 100 a year from about 40 at present. Around 80 per cent of the yard's

business comes from outside Romania.

The joint venture is expected to become the third in Romania to qualify for extensive tax breaks, including exemption from profit tax for seven years, given to large investors.

A law, passed in 1994 as a condition of Daewoo's investment in Rodae, gave such incentives to foreign companies investing \$50m or more in industrial projects with at least 50 per cent export and 60 per cent local integration.

WORLD TRADE NEWS DIGEST

Taiwan presses N-plant project

The Taiwan government will push forward with a controversial nuclear plant to meet the island's fast-growing electricity needs, despite a parliamentary vote calling for the project to be scrapped.

Taiwan Power Company (Taipower), the state electric utility, at the weekend awarded a contract for two nuclear reactors and related equipment to General Electric of the US. The GE bid of \$1.5bn beat competition from ABB's US unit, Combustion Engineering, and from Westinghouse of the US, which teamed up with the Nuclear Electric of the UK.

The decision followed a vote in the national legislature demanding the cabinet abandon the project, which anti-nuclear activists claim is unsafe and a potential environmental hazard. While largely symbolic, the vote is a warning to the government that there is substantial opposition to the plant.

Brushing aside the controversy, Taipower plans to open bids for the steam turbine generator for the plant in July or August.

Laura Tyson, Taipei

Carmakers may spin off engines

A radical restructuring of the global automotive sector may soon take place with carmakers spinning off their engine divisions into fully independent companies.

Egis, the Paris-based management consultant, argues this in a new report. Egis believes the transformation could begin as soon as next year. It says investors, consumers, car "integrators" and engine manufacturers would all benefit.

The report argues that such a reorganisation - in which a group of frontline carmakers agree to separate their engine units from their core businesses and to merge them into perhaps two specialised engine companies - would enable the best engines to be produced in much larger quantities.

At present, production of even exceptionally good engines, whose development costs can reach \$1bn, may amount to only about 500,000 units a year.

Egis estimates that over a number of years, a specialist engine maker would be able to offer engines of improved design at prices between 3 per cent and 7 per cent below competitive suppliers.

David Owen, Paris

Is the automotive industry facing a radical evolution? Available from Egis, 3 rue de l'Arrière, 75749 Paris Cedex 15, France. Tel: (331) 45387093

Enron in Mideast gas venture

Enron of the US yesterday announced that negotiations on a joint venture to build a \$300m regasification plant in the Jordanian Red Sea port of Aqaba had been concluded.

Ms Rebecca Mark, chairman of Enron Development, said talks with Israeli and Jordanian partners had ended and the parties would sign the agreement in the next couple of weeks.

According to the agreement Enron will own 50 per cent of the venture.

The government of Qatar gave Enron approval to market 5m tonnes of liquefied natural gas a year, half to India and the rest to the Middle East, from a planned joint venture in Qatar. The regasification plant would supply Jordan and Israel with Qatari gas from the year 2001.

Reuter, Tel Aviv

■ SNC-Lavalin, Canada's biggest engineering and construction group, with consultants Kohn Crippen, is doing a US\$5m feasibility study of a highway/light transit system for Pingjin City, 120 miles from Beijing. Total capital cost of the project would be US\$2.5bn.

Robert Gibbons, Montreal

Minister brushes aside international criticism Jakarta presses ahead with national car plan

By Manuela Saragosa in Jakarta
 Indonesia has no plans to revise its decision to develop a national car in spite of sharp international condemnation of the policy, which puts established foreign investors in the country's motor vehicle sector at a disadvantage.

"We have no intention of revising the government's programme," Indonesia's minister for trade and industry, Mr Tunku Ariwibowo, told the official Antara news agency.

The Antara report added that the minister did not feel pressured by international criticism.

The minister made his comments after meeting Mr Andrew Card, head of the American Automobile Manufacturers' Association.

The association - grouping Chrysler, Ford and General Motors - has joined in an international chorus of condemnation of the Indonesian policy.

Mr Card warned that several US automotive companies were postponing plans for further investments in Indonesia. In April, a senior Ford executive in Bangkok said the company was revising plans to build a plant in Indonesia because of the country's national car policy.

"Indonesia was on the road to success, but has now put up a stop sign," Mr Card said.

"The new national car programme appears to signal a change in direction from its good record on deregulation and promotion of free market principles."

In February Indonesia's government unveiled a package of tariff and tax breaks for Timor Putra Nasional, a company owned by President Suharto's youngest son, to produce a national car in co-operation with South Korea's Kia Motors. The preferential treatment

allows the president's son to undercut all established car manufacturers in the country.

The national car policy has also drawn criticism from Japan and the European Union's trade commissioner, Sir Leon Brittan. Both have claimed that Jakarta's national car policy breaches Indonesia's obligations under the World Trade Organisation.

But no country has yet brought the issue to the WTO. "I can't say what the US government will do. But I do know that we have been advised by the government that this is

clearly a violation of the WTO," Mr Card said in Jakarta last week.

There has also been criticism of the way the Indonesian government unveiled the policy. There was no open tender for the project and the announcement surprised a largely unsuspecting market.

Timor Putra Nasional says it has received orders for at least 33,000 Timor cars and that Kia Motors is ready to ship 4,000 sedans in knocked-out form to Indonesia each month starting June this year.

Under the tax and tariff breaks, the company is required to increase its local components content to 20 per cent in the first year of production and 60 per cent in the third year.

There has been some concern that the national car programme will prompt the Japanese government to reduce its aid commitment to Indonesia. Japan is Indonesia's largest donor country and the aid is an important component of the Indonesian government's budget.

Japanese diplomats say that aid to Indonesia could well fall but that this is unrelated to the national car programme.

Aid is "becoming increasingly difficult to explain to the taxpayers as Japan's trade surplus shrinks," Japan's ambassador to Indonesia, Mr Taizo Watanabe, said recently.

A company owned by the president's son has received tariff and tax breaks

Reforms keep US at top of league

By Frances Williams in Geneva

The US and Singapore have maintained their lead as the world's most competitive countries while Germany and Switzerland, Europe's former stars, have been relegated to the second division, according to rankings compiled by the International Institute for Management Development.

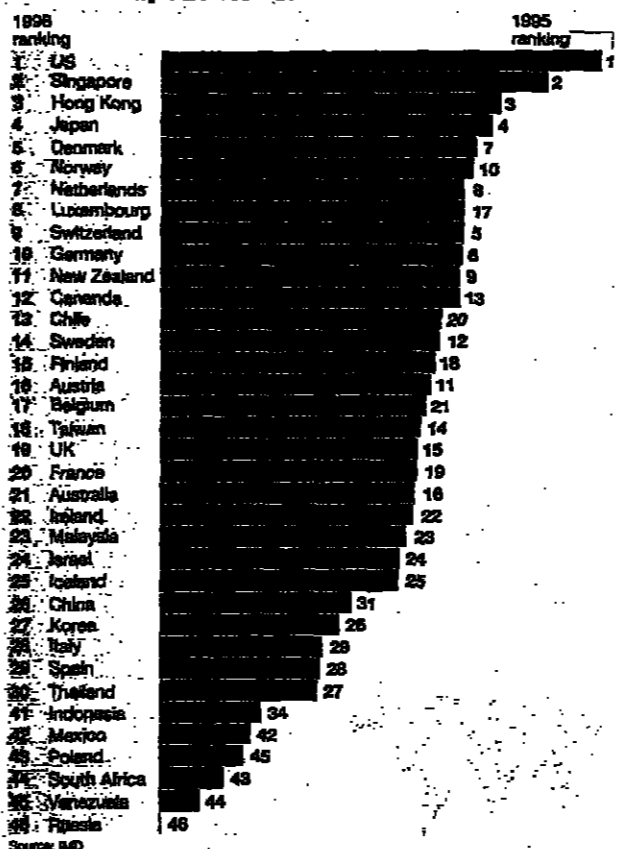
Prof Stephane Garelli, director of the IMD's world competitiveness project, says the US has reinforced its top position with bold economic reforms involving deregulation and privatisation, together with a renewed leadership in new technology. But this gain in competitiveness has been associated with considerable social costs for workers.

Singapore's success rests on government policies conducive to business, high participation in the global economy and efficient financial services, IMD suggests.

But Hong Kong and Japan, third and fourth respectively, "continue to be plagued by uncertainties" relating to the colony's reversion to China next year and continuing lack of confidence in Japanese government policy.

The IMD, a leading Swiss business school, has ranked countries on the basis of 225 criteria drawn from statistical data as well as a survey of business executives.

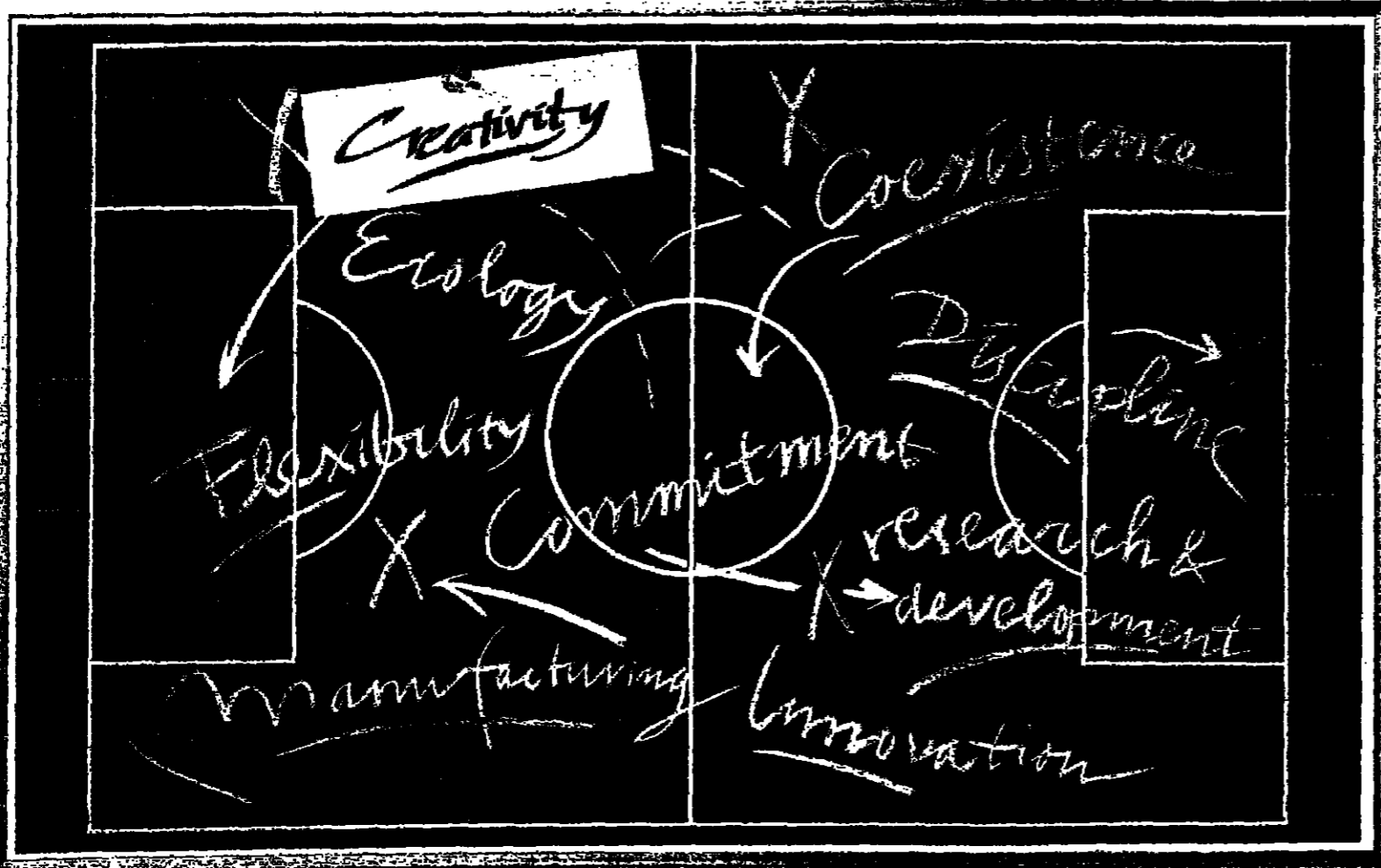
World competitiveness



The report is a successor to the World Competitiveness Report previously produced jointly by the IMD and the World Economic Forum, which publishes its own competitiveness rankings on Thursday.

Denmark and Norway have displaced Switzerland and Germany as leading European nations in IMD's table, taking 5th and 6th places. Both score highly on labour force quality and management performance, while the slide down the rankings of Switzerland (9th) and

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Sponsors flock to touchline of US soccer

By Christopher Parkes in Los Angeles

The retailer Yucapca Cos, which turns over about \$10bn annually with supermarkets such as Ralphs, recently asked to stock the merchandise of Galaxy, star team in the emergent US professional soccer, alongside the corn flakes.

But the offer came too late. The whole season's supply of red, white and blue strip of Galaxy, favourite among Los Angeles' millions of sports-mad but under-served Hispanic citizens, is sold out less than two months after kick-off.

Erring on the side of caution is a self-imposed rule governing Major League Soccer, as the umbrella group for the 10-team league is known. LA match crowds are settling down at around 30,000 after Pasadena's Rosebowl stadium was flooded with almost 70,000 fans when the season opened.

"But I still need to catch myself before I raise my expectations," says Mr Marc Rapoport, the Galaxy's principal shareholder and chairman.

The ignominious collapse of MLS's predecessor, the North American Soccer League, in 1985 is a spectre which helps keep him awake to the risks. NASL's lack of sponsorship, television contracts, and reliance for player-skills on imported old lags have been avoided.

Yet the underlying challenge remains the same: to convert the millions of young Americans who play the game into spectators (and professional players) and reinforce the audience mix to a level at which large companies will pay big-time sponsorship money. The game must also be embraced by the media, ultimately by national network television. To achieve that it has to grow and embrace all ethnic markets.

Although the teams' pulling power varies according to region, average turnout is still 23,000 a game across the league and is more than double MLS budget projections. The main

reason, especially for the New York and Los Angeles teams, is a traditional fondness for the game among young men of Hispanic and Latino origin. In LA, home to an estimated 3m Mexicans alone, between 60 and 85 per cent of soccer spectators have Latino roots.

Viewing on Univision, the national Spanish-language television station, is beating all expectations. On the Hispanic May 5 holiday, soccer ranked second in LA viewership ratings, beaten by the appeal of Mr Michael Jordan of the Chicago Bulls basketball team.

League and team officials acknowledge the importance of this ethnic group but pin their hopes for wider acceptance on their belief that the game's cross-cultural appeal was firmly established in 1994 when US cities played host to the World Cup, and a record 3.6m people turned up at the gates.

"We have Latino crowds who love the game with a passion at the highest level," says Mr Alan Rothenberg, league chairman. "We also have millions of Anglo youth who have embraced the sport and who can be converted to paying customers."

Named last week as the first US executive member of the North and Central America and Caribbean Soccer Confederation, Mr Rothenberg says his appointment confirmed the US as "a legitimate soccer power". This claim was enhanced at the weekend with a victory over Scotland, which has qualified for European soccer championships beginning next month.

MLS, which kicked off with some 20 sponsors, is still pulling in money. Last week, Hewlett Packard, the personal computer maker, and EDS, the information technology arm of General Motors joined the list.

Extra funds will help with promotion, league officials say, but stress money has never been an issue in a league where strict limits on player salaries and foreign imports mean no team can "buy" its way to success.

Mexican groups prepare Cuba defence

By Leslie Crawford in Mexico City

Two Mexican companies with investments in Cuba are preparing their legal defence against new US legislation which will bar their senior executives and families from entering the US because of their Cuban links.

Cemex, the world's third largest cement manufacturer, and Grupo Damos, a private group which owns a stake in the Cuban telecommunications company ETECSA, are understood to be on an initial hit-list compiled by the US State Department. Over the next two weeks, companies on the list will receive "advisory" letters drawing their attention to the

provisions of the Cuban Liberty and Democratic Solidarity Act.

Under this legislation, better known as the Helms-Burton Act after its congressional sponsors, executives of companies which have traded in Cuban property confiscated from American citizens may be denied entry to the US. Later, executives and shareholders in such companies are expected to receive more specific warning letters, informing them that the US is likely to deny them visas.

Grupo Damos, the biggest foreign investor in Cuba, says it will not abandon its \$1.5bn joint venture with the Havana government as a result of US sanctions.

The Mexican company, however, is experiencing difficulties in meeting a final \$350m payment for its stake in ETECSA and its hope of finding a foreign partner to foot the bill may have been dashed by the Helms-Burton Act.

Damos's Cuban venture has also placed it on a collision course with International Telephone and Telegraph, the largest corporate claimant against Cuba certified by the US government.

Under the provisions of the Helms-Burton Act, ITT would be entitled to sue Damos in the US for "trafficking" in its confiscated property.

Damos says it had ordered an "exhaustive review" of the legal status of properties

belonging to its Cuban telecommunications venture. Mr Manuel Cerillo, Damos's representative in Havana, told the Mexican daily Reforma: "We are not traffickers, we are investors in Cuba, which is a very different matter."

Mr Javier Garza Calderón, the wealthy Mexican businessman who owns Grupo Damos, was not available for comment, but, anticipating trouble with US immigration authorities, he has already brought back two daughters who were studying in Boston.

Cemex, whose global revenue totalled \$2.6bn last year, will neither confirm or deny whether it owns property in Cuba. In a brief statement, Cemex said: "Neither the com-

pany or its subsidiaries contravene the Helms-Burton law or any of its dispositions."

Last year, however, Lone Star Industries of Stamford, Connecticut, another big corporate claimant against Cuba, issued a direct appeal to Cemex not to take over one of its confiscated Cuban cement facilities. And while Cemex will not say whether the acquisition went ahead, its 1994 company report indicates it was providing "technical support" to a plant jointly owned by the Cuban Cement Producers Association and Bancomex, Mexico's state-owned foreign trade bank.

The report added that the 10-year technical agreement gave Cemex exclusive rights to

export the production of five other cement plants in Cuba.

As a result of the marketing arrangement, lawyers believe Cemex may have fallen foul of the Helms-Burton Act's broad definition of "trafficking" which extends beyond the acquisition of confiscated US property to cover anyone "entering into a commercial arrangement, using or otherwise benefiting from confiscated property".

"A key problem is the breadth and vagueness of the term 'trafficking'," says Mr Daniel Price, a partner at the Washington law firm Powell Goldstein, Frazier and Murphy.

"On the face of the law, it sweeps in an incredibly wide range of economic activities."

Dethroned Gingrich keeps out of limelight

It was exactly a year ago that Mr Newt Gingrich, Speaker of the US House of Representatives, announced he was going to use the Memorial Day congressional break to go "moose watching" in New Hampshire.

His subsequent visit to the first primary state, replete with a small media army and capped by a public debate with President Bill Clinton, had the trappings of a proto-presidential candidacy, in which he revelled. It is so different now.

The leader of the conservative revolution is spending this year's recess mostly unwatched. Not only is Senator Bob Dole, presumed Republican presidential nominee, leaving Congress to avoid association with the Speaker, but even the Gingrich troops in the House are in a state of mutiny.

That was demonstrated last week when dozens of moderate Republicans sided with Democrats to increase the federal minimum wage and then to vote down an exemption for small businesses from having to pay it.

Democratic jubilation over their rare victory - likely to be duplicated, according to no less than Mr Dole, in the Senate after the recess - was understandable. But Mr Gingrich was also made to feel the verbal lash of moderate House Republicans, concentrated but not confined to the north-east.

"The centre of the Republican party is back," declared Congressman Amo Houghton of New York.

Even more striking, no fewer than 23 of the 73 Republican freshmen, once the Speaker's rightwing praetorian guard but now feeling the heat of re-election, voted in favour of the first increase in the minimum wage since 1989.

As is customary for the Speaker, Mr Gingrich did not vote, but neither did he utter a word in the preceding debate. He had been saying for weeks that blocking a vote on the minimum wage would probably hurt Republicans in the forthcoming congressional elections, even though he personally thought that higher pay would cost jobs.

He had, therefore, left to his principal deputies - Congressmen Dick Army, the majority leader, and Tom DeLay, the chief whip - the task of dealing a "poison pill" (the small business exemption) to force a veto from Mr Clinton.

In fact, conservative pressure has meant Mr Gingrich has been ceding considerable authority to Mr Army, in particular, in recent weeks. The outspoken and dogmatic conservative from Texas was inserted into the long budget negotiations with Mr Clinton to stiffen the Speaker's spine and now he, not Mr Gingrich, conducts the regular press



briefings on legislation before the House.

The decline of Mr Gingrich is a mixed blessing for Mr Clinton and the Democrats. His very visibility and the controversy he generated, best exemplified by his admission that he was moved to shut down the government late last year

partly out of pique over his treatment on Air Force One en route back from Mr Yitzhak Rabin's funeral in Israel, made him an easy villain.

By contrast, Mr Army, a backbench congressman for 10 years before being elevated after the 1994 elections, has nothing like the same public recognition and is, therefore, a lesser target.

However, the latest Washington Post/ABC News poll showed how hard it is for Mr Dole to distance himself from the Republican Congress. It had Mr Clinton ahead by 57-35 per cent, unchanged from the last survey taken before the majority leader said he was resigning his seat, and a 53-43 per cent majority believing that the Republican record did not justify continued control of the legislature.

Little is now being heard of that record from Mr Dole and, when he does speak of it, it is in language far removed from that of Mr Gingrich. The Speaker once said, with typical expansiveness but to damaging political cost, that the reintroduction of orphanages might be a major contribution to welfare reform, which is not a sentiment in Mr Dole's current vocabulary.

Instead, Mr Dole, helped by advertisements from the Republican national committee, is attempting to make Mr Clinton's character - or

Jurek Martin

**The Government of the Arab Republic of Egypt
Holding Company for Metallurgical Industries**

Strategic sale of a minimum of 8,000,000 common shares representing at least 40% of

AMEREYAH CEMENT COMPANY

Lead Managers

Bank of Alexandria Egyptian Financial Group (EFG)

As part of the Egyptian government's privatisation program, the Holding Company for Metallurgical Industries, a state entity, is fully privatising Amereyah Cement Company (ACC) through the sale of a minimum of 8,000,000 common shares representing at least 40% of ACC to a strategic investor(s). The Holding Company for Metallurgical Industries currently owns 77.5% of the company, the remaining 22.5% having been privatised through two public offerings in 1994 and 1995.

ACC was incorporated in 1989. It operates two dry Polysius kilns with a combined nominal capacity of 1.98 million tons of clinker per annum. The plant is situated 40 km. west of Alexandria. Actual production, essentially ordinary Portland cement, reached 2.3 million tons in 1995, making ACC one of the largest players in Egypt, with a 14% local market share. Bottom-line profits reached US\$39 million in 1995, a 78% increase over 1994 results.

The table below summarizes ACC's financial performance during the last three years. Note that the fiscal year ends in June.

Figures are in US\$000's

Summary Balance Sheet	1992/93	1993/94	1994/95	Summary Income Statement	1992/93	1993/94	1994/95
Cash	24.447	39.608	29.071	Net Sales	82,541	98,938	105,772
Net Fixed Assets	162.816	141.823	126.218	Earnings Before Int., Taxes, Dep. & Am.	40,283	53,397	49,067
Total Assets	217,755	217,268	193,634	Earnings Before Interest & Taxes	25,556	36,942	34,017
Long Term Loans	142,360	90,484	38,378	Net Profit	5,100	22,112	39,372
Net Worth	10,836	34,117	44,509				

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Tel: (202) 568-8455/568-7764/572-9248
Fax: (202) 571-0849

Contact Persons:
Dr. Mohamed Taymour
Mr. Hassan Heikal

The deadline for submission of bids is June 24th 1996. Investor(s) can bid for whole or part of the offered shares.

السيد محمد تيمور

1550



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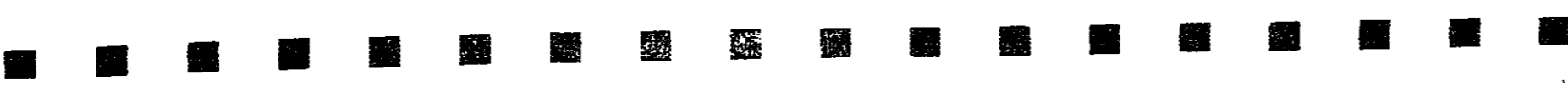
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NEWS: UK

Premier faces party split on EU tactic

By James Harding at Westminster

Ministers last night warned Mr John Major, the prime minister, to abandon his policy of not co-operating in Europe "at the earliest possible opportunity" or face desertions from his Conservative party.

Europhile ministers are expected to press the prime minister to restore normal relations with the UK's European Union partners next week if the EU lifts the ban on UK beef derivatives. Meanwhile Eurosceptics rallied to urge Mr Major to use the UK's veto at

all possible EU meetings until a lifting of the entire ban on British beef and related products was in sight.

One minister said "a number of my colleagues in government are very disturbed" by the Eurosceptic drift in government policy. He warned that some ministers could "follow George Walden" - the Conservative MP who threatened to resign the party whip over the weekend - if Mr Major continued to give ground to the right wing in the party.

Another minister described the prime minister's campaign to disrupt European Union

business in response to the EU's refusal to lift the ban as an "ineffective and potentially humiliating bluff".

A third middle-ranking minister said he and his colleagues would press the prime minister to produce a "synthetic victory, declare the policy has worked and restore normal relations" if the EU lifts the ban on beef derivatives at next week's meeting. Maintaining an obstructive stance in Europe until the UK is given an explicit timetable on the lifting of the ban would be "lunacy of the highest order", he added. The government sig-

nalled its sympathy for that strategy yesterday when Mr Roger Freeman, the minister who chairs the cabinet sub-committee co-ordinating beef policy, said: "We don't want a detailed timetable that inevitably by a certain date certain things must happen."

His comments appeared to be at odds with a statement by Mr Malcolm Rifkind, the foreign secretary, and prompted fears among the Eurosceptics that Mr Major was backing down less than a week after launching the non-cooperation initiative. On Sunday, Mr Rifkind suggested that a timetable

would encourage the government to restore normal relations. "The second requirement (after lifting the ban on beef derivatives) is to put into place an agreed strategy."

Mr John Redwood, champion of the Conservative party's Eurosceptic right, urged Mr Major to stand firm. "Farmers and people in the meat business would expect a timetable for the remaining threat to their jobs and businesses to be lifted before the government resumes normal co-operation with Europe."

Editorial Comment, Page 21

Another food scare may bruise ministers

By James Harding

Another food safety scare threatened to entangle the government yesterday as ministers confirmed that leading brands of formula baby milk contained potentially harmful chemicals but refused to name the products concerned.

The health department sought to reassure parents that "there was no cause for alarm" because the level of phthalates - chemicals that could impair fertility - found in nine brands of baby milk was below official safety levels. Mr Tim Boswell, a junior agriculture minister, using the official formulation used in the case of British beef, said: "We do not think there is a risk in the normal sense of that word for babies."

However, he admitted that the government would be "aiming to reduce levels of phthalates across all brands." Ministers refused to name the brands tested - all of which were found to include traces of the chemical found to have damaged sperm counts in animals - because the information is "commercially sensitive".

However, they confirmed that brands made by the four leading baby milk makers had all been tested and found to contain phthalate traces. Government officials said those four leading manufacturers were Cow & Gate and Milupa (both owned by Nutricia, a Dutch baby food business), SMA (owned by Wyeth, a US company) and Borden's (a baby food business owned by Heinz).

Milupa reminded consumers that all brands tested were affected, but that "we will continue to take the advice that is given by the government scientists that there is no need to stop feeding your baby any of these brands." No comment was available from the other companies.

US-built Chrysler will undercut European rivals

By John Griffiths in London

The launch in Britain next week of the Chrysler Neon will mark the first serious challenge to the UK's car pricing structure from a family car made in north America.

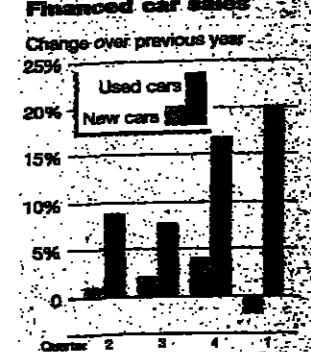
The Neon is intended to be the first of a series of Chrysler models to be imported by Incheape-owned Chrysler Jeep Imports UK. It will undercut its main rivals by £1,000 (£1,510) to £2,000. Mr Alan Pulham, director of the National Franchised Dealers Association (NFDA), believes the Neon will set a new "price yardstick" in the medium-sized family saloon market.

The NFDA, part of the Retail Motor Industry Federation, represents most of the UK's total of more than 6,000 franchised dealers. It recently sent a team to north America to investigate prices of new cars in the US, which are on average 30 per cent to 40 per cent lower than in Europe. It concluded that European prices were unwarrantably high and that manufacturers could cut prices by up to a quarter by simplifying model ranges, streamlining distribution and rationalising manufacturing processes.

The NFDA has argued that high prices, not a lack of consumer confidence, lie behind the current depressed sales of new cars to private buyers in the UK.

The Neon, built at Chrysler's Belvidere plant in Illinois, is smaller overall than a Ford Mondeo or General Motors Vectra. But because of its north American "cab forward" design - in which the windscreen is mounted further forward than most European models - interior space is similar to the Vectra's.

The cheaper LE model will cost £11,595 in Britain and the air-conditioned LX model £12,995. Chrysler claims that a 1.6 litre Ford Escort equipped to the same standard as the Neon would cost £14,300. The Incheape importer is spending £3m on a TV advertising campaign to launch the car, which will be sold through



The number of used cars bought on credit and other forms of "financed sales" reached its highest level last month and was 31 per cent higher than a year earlier. But similar "financed" sales of new cars rose by much less, reinforcing the claim of dealers that many customers no longer consider that new cars offer value for money.

Figures to be published this week by HPI-Equifax, the motor trade statistics organisation, show used cars bought on credit totalling 126,180 last month compared with 96,371 a year earlier.

The number of new cars bought on credit last month, 95,697, represented a 16.6 per cent rise on the previous April. Sales of new cars on credit were 1.9 per cent down in the first quarter.

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Siemens and Ford to enlarge plastic car parts venture

By Peter Marsh in London

Siemens of Germany and Ford of the US are preparing for a £20m (\$30.4m) expansion of their UK joint venture to make engine parts from plastic composite materials. The project was spawned by British research 15 years ago on novel types of plastic used in several products including tennis rackets.

The programme by the two companies is expected to create about 200 jobs over the next four years. It is part of a plan by Siemens, which has the majority stake in the venture, to become world leader in making plastic engine manifolds (air inlets) and fuel systems for vehicles.

Plastic engine parts are being studied by large vehicle makers because they are less expensive in mass production than conventional aluminium parts. They can also cut fuel use by contributing to lighter vehicle weight. While only a small minority of new cars worldwide is now fitted with these components, some industry analysts think at least a third of all new vehicles will be fitted with plastic manifolds by 2000.

Siemens and Ford are capitalising on work by Dunlop, the UK tyre and rubber goods

company which hit severe financial problems in the mid 1980s, in researching novel glass-reinforced plastic composite materials used in sports goods and other products. Most of this work was done in the early 1980s, some of it government funded through research grants.

The technology has been developed by Siemens and Ford to form the core of a company called Siemens Automotive Systems which is making some 400,000 plastic manifolds a year. The manifolds are for use by Ford in its European car plants as well as by other European carmakers whose identities the Siemens/Ford venture declines to reveal.

Mr Phillip Cousins, managing director of Siemens Automotive Systems, said that according to current plans the company would spend about £20m by the end of the century on expanding annual output from about £12m last year to about £60m by 2001.

The investment, which has yet to be approved by either company, would probably add 200 jobs to the 200 already employed at Telford in the English Midlands. The two partners have already put about £20m-£25m into the venture in the form of new equipment.



Ben & Jerry's ice cream is the biggest account won so far by Harry Goode, a farmer who decided to combat the decline in market prices for beef cattle by using some of his animals to carry advertisements. Mr Goode's herd grazes next to the M42 motorway in the English Midlands

Irish import curb criticised

By John Murray Brown in Dublin

Baroness Denton, the British minister responsible for the Northern Ireland economy, yesterday criticised the government of the Republic of Ireland for using the European ban on UK beef exports to keep Northern Ireland poultry shipments out of the republic.

The Northern Ireland economy is particularly vulnerable to the "mad cow" crisis, with farmers depending on exports for 80 per cent of beef sales. The minister said Northern Ireland companies had responded either by diversify-

ing out of red meat production, or by importing beef from the republic for processing in the north. She complained at a conference in Dublin on cross-border co-operation that police in the republic had turned back a number of trucks carrying poultry and lamb products from the north.

She accused the authorities in the republic of "super caution," but insisted that this should not detract from the achievements of cross-border co-operation. The two governments aim to increase two-way trade to £3bn (\$4.56bn) a year from the current £1.2bn. The conference comes ahead of the

planned all-party talks on Northern Ireland's political future.

The incidence of BSE is much lower in Northern Ireland than England, and an effective disease-tracing system is in place. Local politicians have called on the British government to designate Northern Ireland products as distinct from the rest of the UK.

To the amusement of southern politicians, some Northern Ireland farmers have expressed the wish that beef from the region should be treated as Irish beef in order to exempt it from the EU ban.

Topical, Not Tropical

The Press is conspicuous in its use of paper. Some people's imaginations make an enormous leap from this fact to the false conclusion that the newspaper business is destroying the tropical rainforests. **This is not true.**

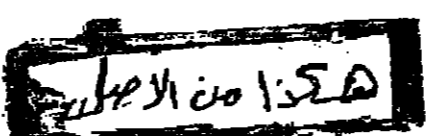
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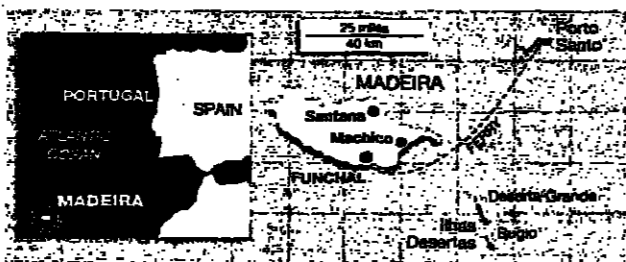
FINANCIAL TIMES SURVEY

Tuesday May 28 1996

MADEIRA

Ocean outpost aims for the mainstream

Portugal's idyllic Atlantic province is trying to transform itself into an attractive focus for international investors, write David White and Peter Wise



KEY FACTS

Area	741 sq km
Population	253,000
Status	autonomous region of Portugal
Language	Portuguese
Currency	Portuguese escudo
Location	978km southwest of Lisbon, 800km west of Morocco
Regional president	Alberto João Jardim
Ruling party	Social Democratic Party (centre right)
GDP 1995	€s 258,950m
Growth rate 1995	3.4%
Regional debt end-1995	€s 129,977m
Unemployment end-1995	5.2%
Inflation 1995	4.4%

Source: regional government



Madeira strives to become a centre for services and industry which generate more jobs than those found in the traditional cottage industries. Picture: Huber

Associations with the past and an air of old-fashioned gentility are still part of what Madeira trades on as a tourist destination, with its equable sub-tropical climate, lush mountains and lack of rowdy beaches.

But, out in the Atlantic, nearer Africa than Europe, no longer a stopover on great trade routes, Madeira today is intent on promoting a less languid and more forward-looking image.

Many in Portugal's southerly island outpost would be happy to see it written about for once without the routine references to Winston Churchill, wintering aristocrats or the British merchant families who used to dominate its economy. It wants to be a business centre, with new service- and industrial activities capable of creating the jobs that tourism and cottage industries cannot provide.

Madeira, an archipelago with two inhabited islands and a population of around 250,000, remains a poor place visited by the well-to-do. There are many more Madeirans, or children of Madeirans, in South Africa and Venezuela, than in the islands themselves. Per capita income is less than half the European Union average.

For two decades, it has been an autonomous region of Portugal, entitled to use the taxes it collects and run its own services except for police and justice, and for the past decade, with Portugal, part of the EU. The combination of self-governance and a stream of EU

money - twice the islands' proportional share of EU aid to Portugal - has brought new and better roads, water supplies and dramatic improvements in education and other services. Inland areas, now less inaccessible, are dotted with health clinics. According to the regional government, illiteracy has fallen from 15 per cent five years ago to about 10 per cent and should disappear by 2004.

Madeira is set to receive €s220m (\$1.4bn) in EU support funds in the 1995-99 period, more than twice as much as in the previous five years. This includes backing for a €500m airport extension project (building anything horizontal is a challenge in Madeira) which promises to ease its great transport-cost handicap. Growth has consistently been higher than in the rest of Portugal or the EU as a whole, at an average of more than 4 per cent in the last five years, avoiding the recession of 1992, and promising to exceed 6 per cent this year.

A combination of progress and home-grown conservatism

has placed the regional president, Mr Alberto João Jardim, in a virtually impregnable position. His forceful personality has done much to keep Madeira - or put it - on the map. In office since 1978, he is one of Europe's longest-lasting elected leaders.

Portugal's centre-right Social Democratic Party (PSD), in

Public works have become a much bigger sector of the economy

which he figures prominently, lost power nationally to the Socialists last year and has surrendered ground on Funchal, the island capital where half the population live. But in rural Madeira political loyalties are as strongly entrenched as the farm plots cut into the steep mountainside. Mr Jardim is set to stand again in October - for the last time, he vows -

and doubtless be re-elected, as he has been the last four times.

However, the regional government's approach to development does not go uncontested. Critics on the left and right argue that almost all the growth has come from public spending, fed by aid and the accumulation of a €s130bn regional debt, and that the record for creating sustainable employment is poor.

Over the last 20 years the share of the economy represented by public works is reckoned to have increased from 5 to 12 per cent, while that of manufacturing has declined. An industrial free zone and a science and technology park are all very well, they say, but several of the main industrial investors have simply shifted location to take advantage of tax breaks. Madeira enjoys a low jobless level of 5 per cent, and large-scale emigration has halted. But problems loom for the new generation of young job seekers.

"We cannot design the future of Madeira without the public sector," retorts Mr Jardim. "I

am not a Socialist. But understand that the public sector is absolutely necessary to maintain a low unemployment level." He accepts that finding jobs for the better-educated new generation will become "a very difficult social and political problem". Madeira, he says, has had to import unskilled labour for works projects, but does not have enough jobs for people with degrees.

His axiom is: "We want to sell services". His reasoning is simple. Exporting intelligence is less expensive than, say, bananas because "you don't pay for space on the boat".

The push for an international business centre owes much to the dynamism of Mr Francisco Costa, chairman of Madeira Development Company (SDM), a venture set up with the regional government as minority shareholder. The project covers the industrial free zone, a shipping register and the establishment of financial and other services. Licences started being issued eight years ago. Thirty industrial ventures are either operating or in the process of being set up, creating more than 1,000 jobs, and almost as many in the services sector. Altogether, more than 1,800 companies have registered.

"Young graduates can find international opportunities that 10 years ago were not available," says Mr Costa. Although Madeira has gone

It is feared that more EU aid could be channelled eastwards

into direct competition with major offshore centres, emphasis is placed on the fact that all companies in the international business centre have EU resident status and are fully within the Portuguese legal system. The favourable tax conditions, authorised by the European Commission as a form of state aid from Lisbon, are due for review by Brussels

in 2000. Mr Costa says the special conditions are a prerequisite for overcoming Madeira's backwardness. He says that they will need to be continued not only beyond 2000 but certainly beyond 2011, when the current tax regime expires.

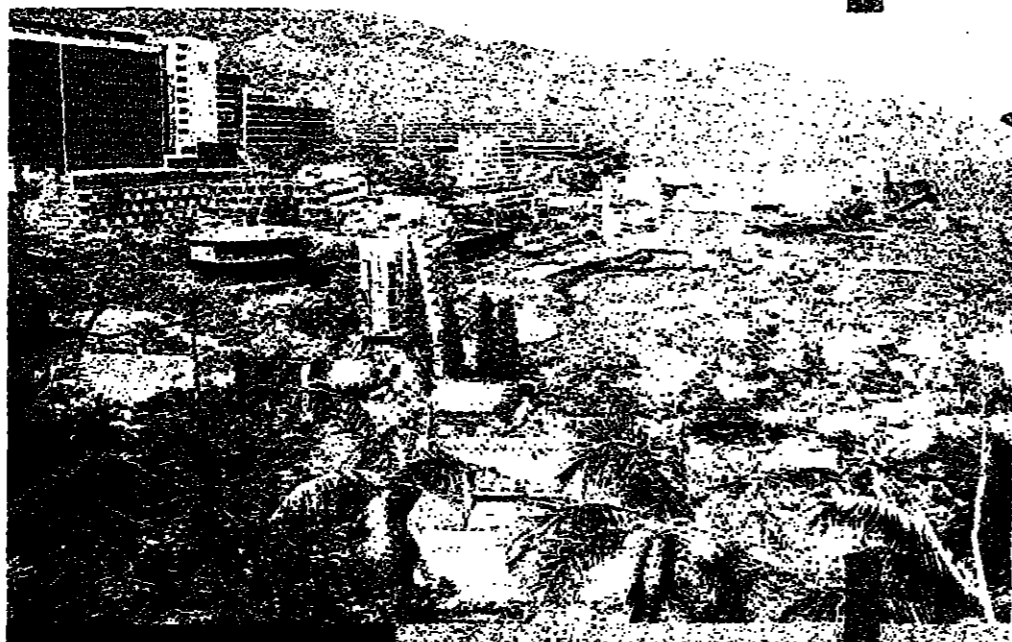
For all its remarkable vegetation, in a landscape that enthralled Victorian artists, Madeira's natural resources are very limited. Its most famous product is a wine that was trendy in the 18th century but is produced in quite small quantities most of which is sold cheaply to bulk buyers. The rest, like the embroidery which occupies as many as 30,000 islanders, is bought mostly by tourists. The banana business, protected during the initial EU transition phase, is in trouble, and attempts at agricultural diversification have proved impractical. Tourism, although growing, is also limited. With only one proper beach, on the island of Porto Santo, Madeira could not compete with the Canary Islands even if it wanted.

"We have no doubts - jobs will be the battle for the future," says Mr Paulo Fontes, the regional government's finance chief. All plans are pegged to the hope that EU support will continue beyond the present framework package. "Madeira does not have the resources to generate its own economic development. The support cannot stop in 1999," he says.

With Portugal in the throes of a political argument over plans for limited regional devolution on the mainland, Madeira and the other island group, the Azores, face the prospect of increased competition from other needy mainland regions.

The bigger question, however, is the impact on Portugal of the EU's expansion to eastern Europe. "The EU must ensure that peripheral regions do not suffer as a result of opening to the east," Mr Jardim insists. For all the advances and new projects of recent years, nobody in Madeira would say it was anywhere near ready to forgo significant EU assistance.

MADEIRA - A CLIMATE FOR BUSINESS



International business centre

- The Industrial Free Trade Zone
- The Financial Centre
- International Services
- International Shipping Register

please contact

SDM - Madeira Development Company
Rua Imperatriz D. Amélia, P.O. Box 4164
9052 Funchal CODEX, Madeira - Portugal
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WWW: http://www.sdmadeira.pt
Tel: (351-91) 22 54 66
Fax: (351-91) 22 89 50

MADEIRA - THE BEST CLIMATE FOR BUSINESS

Investors are always looking, for that unique opportunity to create a successful business. They know that the right location can be crucial. Key questions are:

- Is the location within easy reach?
- Does it have social and political stability?
- Is it an internationally respected and well regulated legal jurisdiction?
- Is it committed to international treaties and conventions?
- Does it have state of the art telecommunications?
- Can it provide a high quality labour pool?
- Does it offer a high degree of tax efficiency?

Madeira can answer each question with a positive 'yes'

Through its International Business Centre it covers four main sectors of activity: Industrial Free Trade Zone, Financial Centre, International Services Centre and International Shipping Register (MAR). All of these offer a unique system of tax incentives.

Of course, Madeira has full EU membership with all its benefits including grant aid programmes for industrial investment.

So whatever your business, it's worth taking a good look at the beautiful island of Madeira, "the best climate for business".

TAX PLANNING AND THE EU SINGLE MARKET The Madeira Challenge

An International Conference presented by SDM - Madeira Development Company in association with the International Tax Planning Association (ITPA) and chaired by the President of the Association

The Conference is aimed at focusing on an overview of the tax and financial realities and prospects in the EU institutional environment.

19th and 20th September, 1996, Funchal, Madeira

For more detailed information please contact:

Luisa Gomes (The Conference Coordinator) • SDM - Madeira Development Company
Rua Imperatriz D. Amélia, P.O. Box 4164 • 9052 Funchal Codex, Madeira, Portugal
Tel.: (351 91) 225466 • Fax: (351 91) 228950 • E-mail: sdm@sdmadeira.pt • Web Site: http://www.sdmadeira.pt/

Venue: Reid's Hotel

COMPANIES AND FINANCE: INTERNATIONAL

Malaysia Monetary Exchange opens today

By James Kynge in Kuala Lumpur

Malaysia is today due to open its second financial futures exchange, an important link in the country's ambition to become a regional financial centre rivaling Hong Kong and Singapore.

The Malaysia Monetary Exchange is expected to demand for its single initial contract: the Kuala Lumpur Interbank Offered Rate (Klibor) futures contract, billed locally as the world's first hedging instrument for interest rates on the Malaysian dollar, or ringgit.

The Klibor is used as a benchmark against which banks price their loans to companies and through which the interest rate on money-market instruments is set.

Klibor futures would allow banks better to manage risks on their lending and to hedge against future interest rate fluctuations in the ringgit money market.

Economists say that, in theory, the Klibor futures contract should increase liquidity in the local money markets and raise the sophistication of bank lending in an economy which the government has said should grow at 8 per cent annually until 2000.

Mr Syed Jabbar Shahabuddin, MME executive chairman, said trade in money market instruments had grown at about 50 per cent annually for the last few years. Most popular are negotiable certificates of deposit, bankers' acceptances, Malaysian government securities and Klibor deposits.

Seats on the MME come cheaper than on Malaysia's other futures exchange, the Kuala Lumpur Options and Financial Futures Exchange (Kloffe), which trades stock index-based futures.

Foreign companies are barred from holding seats directly on the MME but can trade via existing alliances with local brokers who have bought seats.

Mr Syed said the MME planned to launch US dollar-runggit currency futures either this year or in 1997.

Write-offs hit Japan's trust, long-term credit banks

By Gerard Baker in Tokyo

Japan's trust banks and long-term credit banks yesterday joined the country's city banks in declaring record pre-tax losses for the year to the end of March.

The three long-term credit banks, institutions that have traditionally specialised in large-lot industrial lending, reported a combined recurring loss - before extraordinary items and tax - of ¥408bn (\$3.79bn), compared with a profit in the previous year of ¥90bn.

The seven trust banks all reported recurring losses, amounting to a combined deficit of ¥1,395bn, against a profit last year of ¥79.2bn.

The losses arose from the banks' decision to write off more than ¥4,000bn in bad loans between them, accumulated during the collapse of the property market in the last five years.

Last week, the 11 city, or commercial, banks wrote off a similar number of bad loans and recorded their largest-ever combined loss.

All banks are under strong regulatory and political pressure to eliminate their asset quality problems as quickly as possible. The trust banks are especially burdened with bad loans, and even after yesterday's announcement most will continue to struggle with the problem for several years.

The banks were able to write off such a large number of losses in part because of strong profits from their core activities. Low interest rates helped lift the combined net operating profit by 131 per cent at the three long-term credit banks to ¥618.1bn, and by 48 per cent at the trust banks to ¥652.7bn.

The combination of direct write-offs and extra special provisions for loan losses, increased the overall coverage

Table with columns: Operating revenue, Net business profit, Recurring profit, After-tax profit, Bad loans, Change since Sept 95 (%). Rows include Long-term credit banks (IBJ, LTC, MCB) and Trust banks (Mitsubishi T&B, Sanboku T&B, etc.).

How results and bad loans of the long-term credit banks and trust banks compared (¥bn)

the banks have against ultimate possible losses on their bad loans. However, in spite of these big provisions, they are still some way short of eliminating the problem. The two groups now have combined specific reserves covering just 40 per cent of their total bad loans.

Samsung shares hit two-year low after slide in chip prices

By John Burton in Seoul

Shares of Samsung Electronics, the South Korean group which is the world's biggest producer of computer memory chips, have plunged to a two-year low amid gloomy forecasts about semiconductor prices.

The Samsung Electronics share price has almost halved from the year's high of Won44,000 on February 1, to end yesterday at Won26,000 after dipping to Won22,500 on Saturday.

Samsung has been hurt by rapidly falling prices for its mainstay 16-megabit dynamic random access memory (D-Ram) chip, due to excess global production. The international spot market price for 16-megabit D-Rams in mid-May was \$16-\$18, against \$46-\$52 only six months ago.

The Semiconductor Industry Association in the US recently predicted that global D-Ram prices and sales would continue to weaken until the end of 1997. This is particularly bad news for the Korean semiconductor industry, which also includes the LG and Hyundai groups, because of its heavy dependence on D-Ram chips rather than more advanced semiconductors.

The fall in memory chip prices also poses difficulties for the Korean economy, since semiconductors accounted for 18 per cent of total exports of \$125bn last year. Officials expect the 1996 trade deficit to widen to \$10bn from a target of \$7bn because of the chip price decline.

Analysts are worried about the impact on the Seoul bourse of the downturn in Samsung shares, since Korea's only listed main chipmaker is the third largest company in terms of market capitalisation. Samsung had earlier predicted net profits of Won3,200bn (\$4.15bn) for 1996 against last year's profits of Won2,500bn, but officials admit that will be difficult to achieve.

Sharp growth at Hindustan Petroleum

By Kunal Bose in Calcutta

Hindustan Petroleum, India's second largest oil group, reported a 31.42 per cent increase in net profits for the year, reflecting a high level of refinery capacity utilisation and strong growth in sales.

Net profits increased from Rs9,91bn to Rs13,14bn (\$147m) in the year to March, on the back of a 12.4 per cent rise in sales of petroleum products, to 14.15m tonnes. Earnings per share rose to Rs25.33 from Rs20.43. A final dividend of Rs4 a share makes a total for the year of Rs35.5 a share.

The company's joint venture with Birlas, India's second largest business group, commissioned a new 3m-tonne capacity refinery in Karnataka last March, three months ahead of schedule. Capacity is to be expanded to 9m tonnes.

Profits of Japanese drug groups ahead

By Eniko Terazono in Tokyo

Japanese pharmaceutical companies yesterday announced steady increases in sales and earnings for the 12 months to March, but released weak forecasts for the current year due to the government's cuts in official drug prices.

Yamanouchi Pharmaceutical said unconsolidated current earnings for the past year to March rose 4.4 per cent to ¥60.5bn (\$682m) on an 8.1 per cent increase in sales to ¥295.1bn. After-tax profits rose 1.5 to ¥28.6bn. The company will add ¥1.5 a share to its annual dividend, taking it to ¥23 a share.

Sales of Yamanouchi's ulcer treatments rose 13.5 per cent while revenues from its urinary disturbance treatment jumped 45.4 per cent.

For the current year Yamanouchi sees the government's drug price cut weighing on sales and earnings, costing it about ¥17bn in annual revenues. Recurring profits - before extraordinary items and tax - are expected to rise 0.1 per cent to ¥60.6bn on a 1.6 per cent rise in sales to ¥300bn.

Dai-ichi Pharmaceutical posted a 2.6 per cent increase in unconsolidated current earnings to ¥42.8bn on a 2.6 per cent rise in sales to ¥217.3bn, thanks to its oral antibacterial drug. After-tax profits rose 8.8 per cent to ¥20.5bn.

The company sees new drugs helping its parent sales to grow by 2.2 per cent to ¥222bn, but expects the cut in prices to eat in to its profit margins. It forecasts recurring profits will rise 0.5 per cent, to ¥43bn.

Philips and KPN in TV link with Nethold

By David Brown in Amsterdam

Philips, the Dutch consumer electronics group, and FIT Nederland KPN, the recently privatised telecoms group, are to join forces with Nethold, a privately-owned provider of pay television, to introduce digital television in the Benelux countries this summer.

If the deal goes through as planned, it will mean that the existing subscription and pay-per-view TV competitors in the region - FilmNet/SuperSport (owned by Nethold) and TeleSelect (a Philips-KPN joint venture) - will be subsumed into a single operating entity.

The broad agreement, confirmed by all three parties at the weekend, will involve KPN and Philips exchanging control of TeleSelect for shares in Nethold/BeneLux.

Mr Paul Kenninck, Nethold/BeneLux's chief executive, confirmed that a report by the Dutch newspaper NRC Handelsblad - which stated that KPN and Philips will each take a 10 per cent stake - was substantially correct.

A Philips spokeswoman added: "We hope to make an official announcement later this week."

The small size of the TeleSelect joint venture - which has some 12,000 subscribers, compared with FilmNet's 350,000 and SuperSport's 350,000 - belies the potential strategic importance of the deal.

For one thing, it will secure Nethold's access to the 1.2m households connected by KPN's cable TV subsidiary Casema, which has hitherto operated with TeleSelect on pay-TV development. Nethold, controlled by Richmond, a Swiss-based tobacco and luxury goods group, and MCL MultiChoice (which is in turn owned by Mr Johann Rupert, the South African financier), has some 2.7m subscribers across 43 countries. It is the largest provider of pay-TV outside the US, after France's Canal Plus and BSkyB of the UK. Last month, it unveiled plans to launch digital TV in the Benelux region.

CADES advertisement featuring the logo 'CADES 1996-2009' and the headline 'For first-rate investor security'. Text describes CADES as a French public-sector borrower put in place by the French Ministry of the Economy and Finance, operating under direct supervision of the Ministry of the Economy and Finance and the Ministry responsible for Social Security. It naturally enjoys the highest short and long-term ratings. It is funded by the RDS (Social Security repayment contribution), a tax levied on all incomes. Its mission is to absorb FRF 137 billion of debt between now and 2009. The amount and its redemption are enshrined in a French Act of Parliament. Consequently, CADES is a sound, State-controlled borrower, with a guaranteed tax-funded revenue stream. Its mission is precisely defined and limited in time.

ING BARINGS advertisement featuring the headline 'FIRST IN EASTERN EUROPE' and 'ING BARINGS'. Text states: 'When IFR awarded ING Barings Eastern Europe Research House for 1995, it called the combined research of two leading East European specialists a "perfect marriage".' It further states: 'In IFR's words, "Key to the firm's research philosophy is the bridge it has built between debt and equity products".' ING Barings provides the most extensive company coverage available, combined with strategic, technical and liquidity analysis, to give clients the full story. Don't settle for less. For further information, please contact Philip Poole (+44 171 767 6970).

All of these securities having been sold, this announcement appears as a matter of record only.

May 1996

11,500,000 Shares



Common Stock

2,000,000 Shares

The above shares were offered outside the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

- ABN AMRO Hoare Govett Cazenove & Co. Credit Lyonnais Securities Indosuez Capital Paribas Capital Markets SBC Warburg Société Générale

9,500,000 Shares

The above shares were offered in the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

- Alex. Brown & Sons CS First Boston Dean Witter Reynolds Inc. Dillon, Read & Co. Inc. A.G. Edwards & Sons, Inc. Hambrecht & Quist LLC Lazard Frères & Co. LLC Lehman Brothers Morgan Stanley & Co. PaineWebber Incorporated Prudential Securities Incorporated Robertson, Stephens & Company LLC UBS Securities Rauscher Pierce Refsnes, Inc. The Robinson-Humphrey Company, Inc. Advest, Inc. J. C. Bradford & Co. The Chicago Corporation Crowell, Weedon & Co. Cruttenden Roth Fahnestock & Co. Inc. First Manhattan Co. First of Michigan Corporation Furman Selz Gabelli & Company, Inc. Gerard Klauer Mattison & Co., LLC Hoak Securities Corp. Interstate/Johnson Lane Janney Montgomery Scott Inc. Johnston, Lemon & Co. Ladenburg, Thalmann & Co. Inc. McDonald & Company Edgar M. Norris & Co., Inc. The Ohio Company Ormes Capital Markets, Inc. Parker/Hunter Pennsylvania Merchant Group Ltd Principal Financial Securities, Inc. Ragen MacKenzie Raymond James & Associates, Inc. Roney & Co. Sanders Morris Mundy Inc. Sands Brothers & Co., Ltd. Southwest Securities, Inc. Sutro & Co. Incorporated Tucker Anthony Van Kasper & Company Wheat First Butcher Singer

Hollinger lifts its Southam stake to 41%

By Bernard Simon in Toronto

Hollinger, the publishing group controlled by Mr Conrad Black, is set to shake up Canada's newspaper industry after a series of acquisitions...

Hollinger has lifted its stake in Southam from 20.5 per cent to 41 per cent by paying C\$294m (US\$214m) for shares...

Mr Black, the executive vice-president of Hollinger's group, indicated that Hollinger planned shortly to raise its stake in Southam to 50 per cent...

The Southam deal gives Hollinger control of 58 daily newspapers in Canada, most of them acquired in the past year.

Hollinger is also a leading candidate to buy control of the Financial Post, a business daily, which was put up for sale earlier this month.

Analysts expressed concern that the spate of acquisitions could significantly increase Hollinger's debt.

BHP appointment breaks tradition

By Bethan Hutton in Sydney

BHP, the Australian resources group and the country's largest company, has named Mr Jerry Ellis, the executive...

The move breaks with the BHP tradition of moving its managing director up into the chairman's position...

However, BHP stressed yesterday that Mr Prescott will remain as managing director and chief executive officer.

Price cut hurts Japan's power groups

By William Dawkins in Tokyo

A government-imposed electricity price cut will shine off what was otherwise a bright 1996 for Japan's five largest private-sector electricity companies...

Tokyo Electric Power, the world's largest private electrical power supplier and provider of one-third of Japan's electricity, was hardest hit...

Of the rest of the group, Kansai Electric, supplier of power to Japan's central industrial heartland, reported a 9.6 per cent profits decline...

All five forecast another decline in profits in the current year to next March, on the assumption that Japanese interest rates will rise...

The Telegraph's minority shareholders and a bid for the Southam minorities. Southam has debt of close to C\$300m.

Observers said Mr Black was also banking on a sharp correction in newsprint prices to help offset the extra debt-servicing burden.

Operating expenses as a percentage of total income were 70.5 per cent for the period, compared with an average of 66.7 per cent for the previous year.

But first-quarter earnings were below analysts' expectations. RBC Dominion Securities said in a report earlier this month that "the benefits [of increased efficiency in the operations] have yet to filter through to the bottom line".

Hollinger indicated that it intended to turn up the heat. Six of Southam's outside directors have been asked to resign, and some new directors will be appointed.

NEWS DIGEST

SA banking group posts 49.9% rise

Amalgamated Banks of South Africa, the country's largest banking group, has posted a 49.9 per cent rise in attributable income to R1.1bn (\$22m) for the year to March.

Analysts welcomed the results, which they said confirmed Absa's turnaround in the wake of difficulties experienced integrating the group's four component banks.

Return on equity rose to 15.39 per cent, from 13.45 per cent the previous year, and return on assets increased from 0.95 per cent to 0.97 per cent.

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Fuji Heavy reflects trend with strong rise

By William Dawkins

Three of Japan's top engineering companies added to the trend of a buoyant annual reporting season with sharp rises in profits for the year to March.

Cost-cutting, the improved Japanese economy, increased sales to east Asian emerging markets, strong demand for environmental equipment, and lower debt costs were the main factors at work at Ishikawa-Jima Harima Heavy Industries and Hitachi Zosen...

How Japanese power group results compare (Ym)

Table with columns: Sales, Recurring Profit, After-tax Profit, Div (Y), EPS (Y) for Tokyo Electric, Kansai Electric, Chubu Electric, Kyushu Electric, and Chugoku Electric for years Mar 96, Previous year, Mar 97.

* Before extraordinary items and tax, Y fiscal Source: Companies

their heavy debts. Some, notably Tokyo Power, are trying to soften the coming interest rate blow by issuing low interest rate bonds and using the proceeds to pay off higher rate bank borrowings.

"They all blamed their profits fall on a 1.7 per cent electricity price cut set by the government in January 1996. It was a consequence of the authorities' decision to reduce the return on assets which electricity companies are permitted to make, part of the government's attempts to stimulate domestic industrial activity.

The new pricing system includes an automatic formula to trigger an increase when oil prices go up. There is, however, a three-month delay in the application of the trigger, which means the power supply companies are not expecting the latest oil price rises to feed through to an electricity rate increase until July.

The industry's aggregate volume sales grew by 2.2 per cent last year, rather faster than the domestic economy, according to Mr Paul Smith, of James Capel Pacific in Tokyo. That rise was almost entirely due to the extreme weather of 1995.

At the same time, most power companies managed to reduce operating costs by increasing the capacity utilisation of their nuclear plants. On average, nuclear plant operating rates increased by 3.6 per cent to 80.2 per cent.

This was partly because of a drop in technical problems, as well as a strategy to reduce use of more expensive oil and natural gas. Tokyo Electric is planning to increase its dependence on nuclear power from just over 40 per cent last year to 42 per cent in the current year.

IHHI produced its first rise in sales and profits for five years, with recurring profits up 4.3 per cent to ¥24.8bn, a turnover ahead 4.9 per cent to ¥85.5bn. However, it expects profits to fall 11.4 per cent this year to ¥22bn on a 3 per cent decline in turnover to ¥80bn, a consequence of declining sales of aerospace equipment.

Hitachi Zosen came in yesterday with record recurring profits of ¥28.1bn, up 13.2 per cent on the previous year, on sales up by 9.8 per cent to ¥481.6bn. For the current year, the company is forecasting a 14.8 per cent rise in recurring profits to ¥30bn on an 8.3 per cent rise in sales.

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100 YEARS OF THE DOW

The Dow Jones Industrial Average still captures the public imagination. When it breaks through numerical barriers, such as the 5,000 level, it provokes debate over whether the US market is overvalued. And the stock market crash of 1929 is remembered for its 508 point one-day fall in the Dow, rather than for the change in any other measure.

Writes Philip Coggan, "Yet the average attracts much less interest from fund managers than its reputation might suggest. According to

Mr Jonathan Francis, head of global strategy at Putnam Investment Management in Boston: "It is a more potent measure for the average investor than for the professional."

One reason is simply that the average consists of only 30 companies which, however large, represent only a portion of institutional portfolios.

Funds which track a stock market index tend to look at the much broader Standard & Poor's 500, while overseas institutional investors may measure themselves against

the FT S&P Actuaries US Index or the MSCI US Index.

The measures can diverge significantly, depending on the sectors in which investors are most interested. Apart from IBM, technology stocks are little featured in the Dow and so a high technology rally might leave the Dow lagging behind measures such as the Nasdaq index.

But towards the end of last year, the Dow outperformed the S&P, and Putnam's Mr Francis thinks that "international investors were looking to increase

weightings in the US and ploughed money into the Dow blue chips".

The Dow also stands out from the crowd in the way it is calculated. The average is price-weighted, with a stock with a \$100 share price counting for twice as much as a \$50 share. As fund manager Michael O'Higgins points out in his book *Soaring the Dow*, this could create a misleading impression. "A huge move in a few high-priced components could send the average one way even though a majority of the components went the other way

and the other way was the way of the broader market."

Other indices, such as the S&P 500, are market capitalisation weighted so, on top of the much wider range of companies covered, the method of calculation should give a better impression of the overall mood of the market.

Nevertheless, unlike the old FT-30 average which is calculated geometrically, the Dow's construction does not give it a downward bias over time. There have been occasional criticisms that the

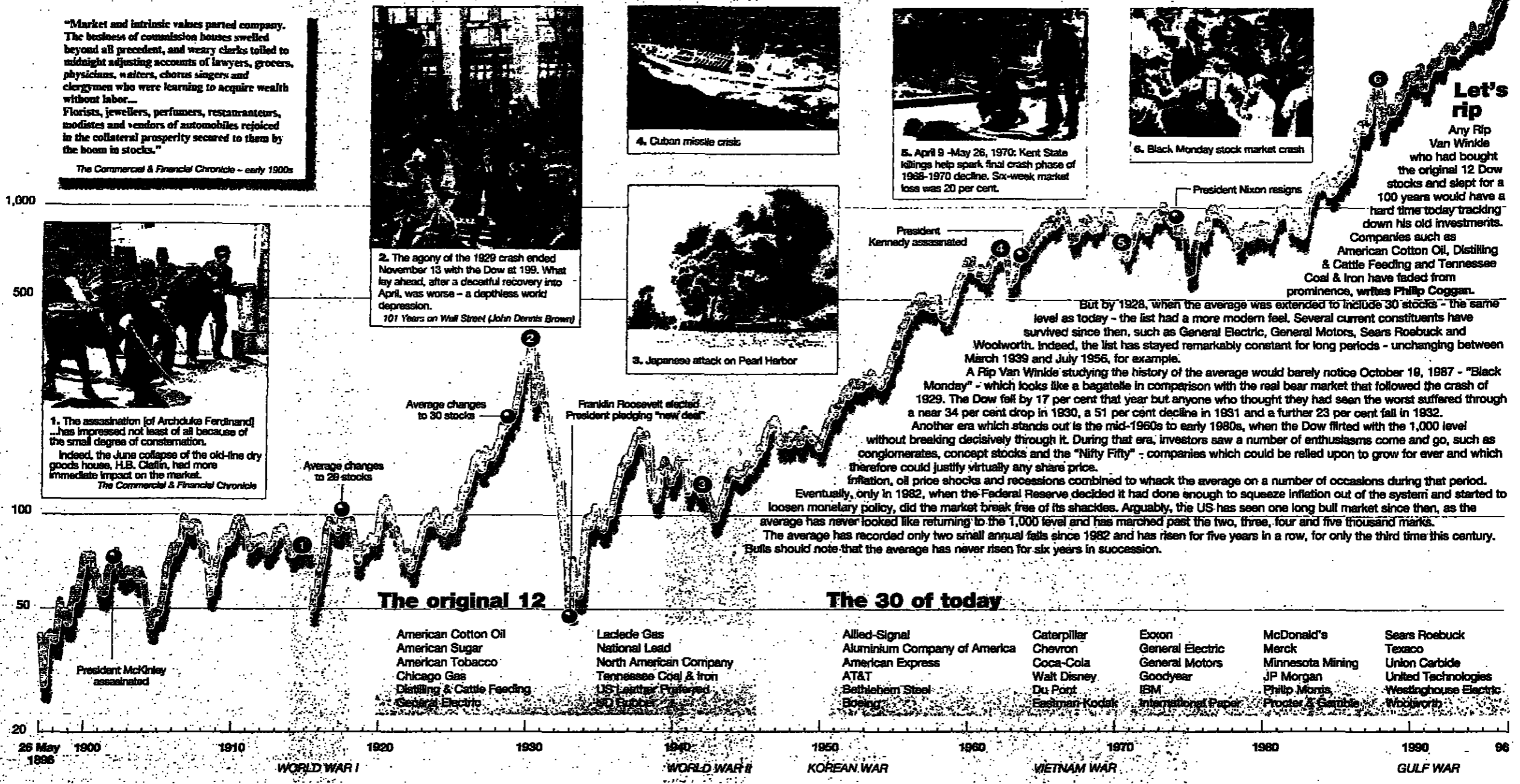
companies in the average - which are chosen by news editors of the *Wall Street Journal* - do not change sufficiently to keep in tune with the economy, but the diversification of some of its constituents in the 1980s, such as General Electric and Westinghouse, seems to have substantially addressed that problem.

The Dow still has a significant role on the New York Stock Exchange where a 50 point move in the average triggers restrictions on program trading. The

regulation, introduced after the 1987 crash, is starting to look a bit out-of-date: a 50 point move represents a shift of less than 1 per cent with the Dow at current levels. The restriction was even triggered by both up and down moves on the same day earlier in May.

Despite the views of professionals, unless the general public learns to love the S&P 500, or the media decide to drop the average as their shorthand for the stock market, the Dow looks set to enjoy another 100 years.

Semi-log scale
5,000



IF ALL YOU DO IS LOOK AT YOURSELF, IT'S EASY TO LOSE SIGHT OF THE ESSENTIALS.

Just look what vanity and egocentricity can turn us into. Yet corporate narcissism is far more common than you might think. It can have whole companies arrogantly admiring their past accomplishments, blithely forgetting that these can fade faster than the time it took to achieve them.

Success: precious but ephemeral. Every day, you have to fight for it anew. There's no time for idly con-

templating the corporate navel. Which is why we've always looked steadily ahead, our eyes and minds open to new ideas and new concepts. And it's why we so often succeed in identifying today the solutions our customers will require tomorrow, be they in the realm of production, trading, or services.

Reason enough, you might think, for looking back with pride. For instance, at a successful corporate history reaching back 240 years. Or at our extraordinary

transformation from trading house to global corporation, with 35,000 employees world-wide and a turnover of DM 24 billion. But we prefer to concentrate instead on the essentials, and that means keeping our eyes fixed firmly on the future.

HANIEL

Franz-Haniel-Platz 1, D-47119 Duisburg

The Haniel Group: CWG • EIG Haniel • GERE • Haniel Bau-Industrie • Haniel EmvisService • Haniel Real Estate

FINANCE

An April explosion for hedge funds

Philip Coggan assesses the improvements in performance in a depressed and variable sector

Hedge funds have had a bad press over the last couple of years. The sudden plunge in global bond markets caught many unawares in 1994 and, in 1995, the high returns offered by the US stock market proved a hard benchmark to beat.

There was some talk that, earlier this year, hedge funds had been caught again, as a tactic of borrowing in cheap yen to invest in higher-yielding Treasury bonds turned sour in February.

The table shows how the different sectors, as defined by Van Hedge Fund Advisers, performed in the last five years and in the first four months of 1996.

FUND MANAGEMENT

HEDGE FUND PERFORMANCE

Table with 6 columns: Sector, 1991, 1992, 1993, 1994, 1995 YTD, 1996. Rows include Aggressive Growth, Distressed Securities, Emerging Markets, Fund of funds, Income, Macro, Market neutral - arbitrage, Market n1 - sec's hedging, Market timing, Opportunistic, Several strategies, Short selling, Special situations, Value, Van Global Hedge Fund Index.

The brisk new face of African banking

Omar Kabba has brought a new style to the African Development Bank since he took over as president eight months ago, writes Paul Adams.

"The style now is more businesslike and the staff more professional," said Kabba in Abidjan last week after he astounded delegates by wrapping up his first annual general meeting a day early.

Not everyone has enjoyed his arrival. Some 240 staff have lost their jobs, and some of those who remain are demoralised.

Last week's commitment of nearly \$3bn for the African Development Fund set the non-African donors' seal of approval on the new ADB.

Swiss move for Lazard duo

Investment bankers in London, New York and Switzerland are scratching their heads over the detection of Robert Agostinelli and Steven Langman from the 150-year-old Lazard Freres to join Union Bancaire Privée.

FACES



ADB president Omar Kabba: restoring consensus

Singh, who was named last week, is currently deputy managing director of Siam Pulp & Paper, a subsidiary of the royal-owned Siam Cement conglomerate.

Although Singh, who holds an MBA from Wharton School of Business, once headed the fiscal planning office at Thailand's ministry of finance, his experience with capital markets, or regulatory issues, is scant.

This is only the second board appointment for Singh, who is also a director of McGraw-Hill. Singh, who has a PhD from the Massachusetts Institute of Technology, is chairman of Vector Capital de Bolsa, the stockpicking arm of the Monterrey-based Pulsar group.

Caspian lands a Mexican fish

Caspian, the emerging markets brokerage house launched last year by Christopher Heath - who guided Barings Securities to prominence in Asia in the 1990s - has netted another big name, writes Stephen Fidler.

This is only the second board appointment for Aspe, who is also a director of McGraw-Hill. Singh, who has a PhD from the Massachusetts Institute of Technology, is chairman of Vector Capital de Bolsa, the stockpicking arm of the Monterrey-based Pulsar group.

Paper chief for Thai exchange

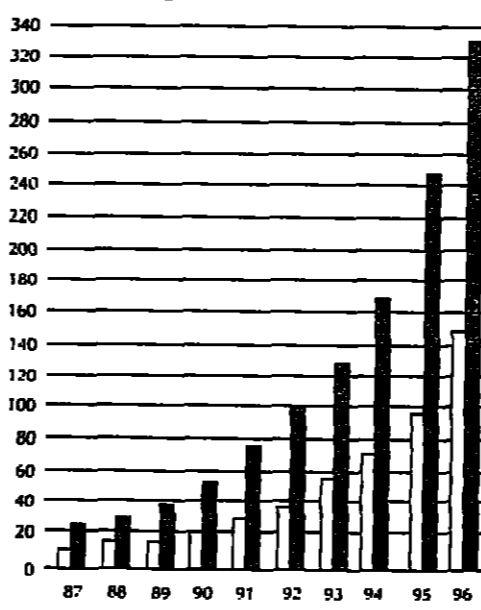
The entirely electronic Stock Exchange of Thailand (SET) is going back into the world of paper on July 1 when Singh Tangtatsawas takes over as the bourse's new president, writes Ted Bardacke.

INVESTEC HOLDINGS LIMITED

Audited group results for the year ended 31 March 1996

Table with 4 columns: 31 March 1996, 31 March 1995, Increase. Rows include Earnings attributable to ordinary shareholders (R000), Earnings per share (cents), Diluted earnings per share (cents), Dividends per share (cents), Dividend cover times, Weighted number of ordinary shares in issue, Weighted number of shares in issue on a diluted basis, Total number of fully diluted shares in issue.

Diluted earnings and dividends (cents per share)



Ten year compound growth in dividends per share 36.7% per annum. Ten year compound growth in diluted earnings per share 35.9% per annum.

Consolidated income statement

Table with 4 columns: 31 March 1996, 31 March 1995, Increase. Rows include Net income after taxation, Earnings attributable to ordinary shareholders, Ordinary dividends, Retained income for the year.

Consolidated balance sheet

Table with 4 columns: 31 March 1996, 31 March 1995. Rows include Capital employed, Preference share capital and convertible bonds, Total capital employed, Liabilities, Assets.

Dividend announcement

A final dividend (No. 20) of 102 cents per ordinary share for the year ended 31 March 1996 has been declared payable to shareholders registered at the close of business on 7 June 1996 (1995: 60 cents per share).

By order of the board S Noth, Secretary

20 May 1996

Niederhoffer Investments, Inc.

Victor Niederhoffer, a top-performing US fund manager and pioneer in the statistical analysis and prediction of worldwide financial markets, will discuss the relationship between music and speculation.

Accompanying him on the piano during his talk will be Robert Schrade, an internationally renowned performer.

At the Howard Hotel, London on Monday 3rd June Attendance is by invitation only

Please contact Ms Sue Gourlay Tel: 0171 490 8062 or Fax: 0171 490 8063

Niederhoffer Investments Inc. is based in New York and is regulated by the CFTC

The Financial Times plans to publish a Survey on

Spain

on Monday, June 24.

The survey will focus on the policies of the new administration • The challenge faced by the country of monetary union • Spain's privatisation programme, banking, competition and much more • Its music and dance culture.

For further information, please contact

Ewa Placzek-Neves on +44 0171 873 3725, Fax: +44 171 873 3204 or Edward Macquisten on +34 1 377 0061 or Fax: +341 377 0062.

FT Surveys

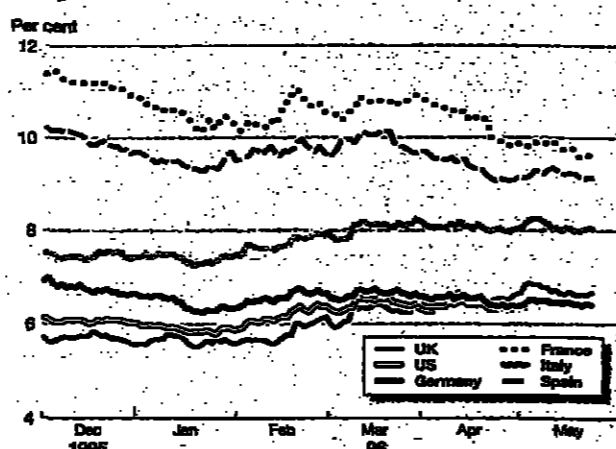
Handwritten Arabic text: رسالة من الجزائر

INTERNATIONAL DEBT MARKETS By Richard Adams and Samer Iskandar

Political doubts cloud prospects in New Zealand

New Zealand's attractive economic outlook may make it the pin-up star of economists the world over, but its government and Treasury must be scratching their heads over why its bonds suffered what one broker called a "blood-bath" late last week.

10-year benchmark bonds



INTEREST RATES AT A GLANCE

Table showing interest rates for USA, Japan, Germany, France, Italy, and UK across various terms like Discount, Overnight, Three month, One year, Five year, and Ten year.

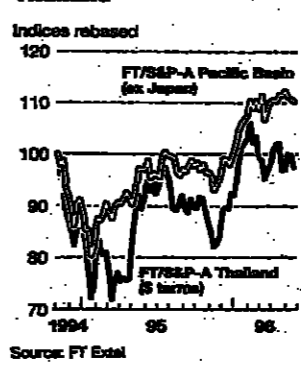
"It's enough of a threat that its keeping people out, and those that want to sell are finding it very difficult to find bids," he said.

EMERGING MARKETS By Ted Bardacke

Thai reshuffle gives traders cheer

In a market like Thailand's, often driven more by sentiment than fundamentals, this week's cabinet reshuffle by Prime Minister Banharn Silpa-archa is likely to bring some much-needed joy to the short-term punters who gather in the comfortable trading rooms around town.

Thailand



about 30 per cent of all finance company lending and some finance companies have admitted they are having trouble collecting some of their loans. According to Wall Street Finance & Securities, in 1995 non-performing loans as a percentage of total loans grew at 22 of the 36 finance companies the brokerage tracks.

Cades adopts a short-term bias

Cades, the French government agency created to manage the accumulated debts of the social security system, has finalised its borrowing plans in record time, less than one month after revealing its intention to tap the domestic and international debt markets for the equivalent of FF140bn.

After deducting the reimbursement of nearly FF11bn in principal, almost FF130bn could require refinancing before June 1997.

NEW INTERNATIONAL BOND ISSUES

Table listing new international bond issues with columns for Issuer, Amount, Maturity, Coupon, Price, Yield, and Lead/Spread.

ING BARING SECURITIES EMERGING MARKETS INDICES

Table showing emerging market indices for various countries like Argentina, Brazil, Chile, Colombia, Mexico, Peru, etc., with columns for Index, Week on week movement, Month on month movement, and Year to date movement.

CS First Boston Group advertisement for US\$200,000,000 Guaranteed subordinated floating rate notes 2003.

NOTICE OF EARLY REDEMPTION To the Holders of REPUBLIC OF ITALY US\$2,000,000,000 Floating Rate Notes due 1998.

First Bankers City Bank Limited advertisement for US\$110,000,000 Floating Rate Notes due November 1996.

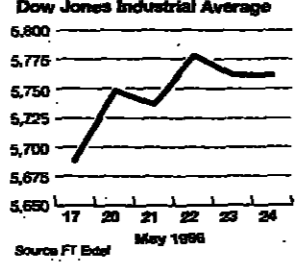
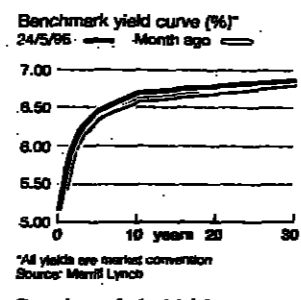
Lloyds Eurofinance N.V. advertisement for £200,000,000 Guaranteed Floating Rate Notes due 1996.

EUROMARKET EXPERIENCE AND RESOURCEFULNESS BOOST RESULTS advertisement for DGZ International, including a balance sheet table and contact information for Deutsche Girozentrale International S.A.

MARKETS: This Week

NEW YORK By Maggie Urry

As the US markets return from the Memorial Day weekend, the Dow Jones Industrial Average celebrates its first century...



The equity market is already trading at record levels, while the bond market has been decidedly nervous of late...

have risen a lesser 0.1 per cent in the month as purchases of cars have fallen but other retail sales have strengthened.

COMMODITIES By Richard Mooney

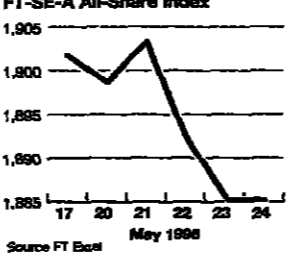
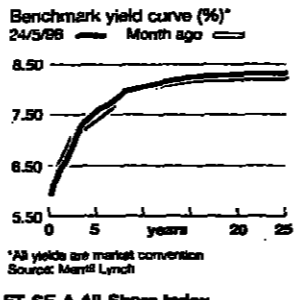
Perth puts on iron ore show

One of the chief developments in the world iron ore industry in recent years has been the emergence of Western Australia as one of the biggest exporters of the raw material.

of growth and how has Australia managed, apparently, to benefit more than its rivals?

LONDON By Philip Coggan

A holiday-shortened week with little in the way of economic statistics may leave the London markets struggling for impetus.

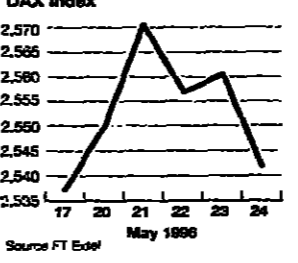
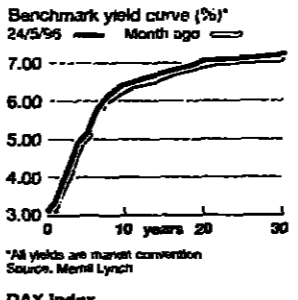


The main test for the gilt market will be a £3bn auction of longer dated stock (maturing 2021) on Wednesday.

and there were some signs of affirmation from those retailers which reported this week's results.

FRANKFURT By Andrew Fisher

The Bundesbank duly announced its improved money supply figures last week, but the market was not exactly overwhelmed.

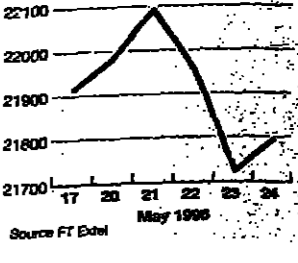
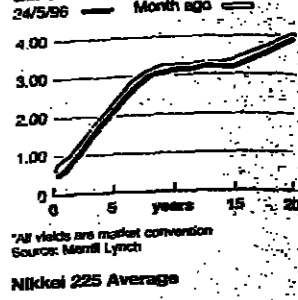


Instead of speculating whether the central bank would cut the discount and lombard rates - it did that last month - the question was whether the key securities repurchase (repo) rate would be lowered from 3.50 per cent.

data "not particularly impressive". He thought May would see a better money supply performance, but the full 1996 target of 4.7 per cent growth over the 1995 fourth quarter could very well now be out of reach.

TOKYO By Emiko Terazono

Bond traders are becoming increasingly wary of signs of an improving economy. This week their focus will be on the industrial output index for April scheduled for release tomorrow.



Although the Bank of Japan has kept short-term money markets at low levels by providing an ample flow of funds, traders point out that the support has been already discounted into bond prices.

rising arbitrage positions against June futures are weighing on investor confidence ahead of the June 14 settlements and capping the Nikkei index.

OTHER MARKETS Compiled by William Cochrane

PARIS

The start of the June account last Friday saw the beginning of the annual round of shareholders' meetings, writes JP Morgan.

ZURICH

The AGM season is open in Switzerland too. Notable names include Nestlé on Thursday and CS Holding on Friday.

sheet press conference at Merkur, the retailing and consumer goods conglomerate which, at the beginning of this month, reported net profits down 58 per cent in 1995 after a 1.6 per cent drop in sales, and a 24 per cent fall in cash flow.

expected consumer economy prospects for Europe in the current year.

NEW ZEALAND

Overseas brokers' reactions to New Zealand's political uncertainty, in the run-up to its first elections using proportional representation, will continue to dominate the bond market in spite of the sound fundamentals unveiled in last week's budget, writes Richard Adams.

CURRENCIES By Philip Gawth

Currencies set for quiet week ahead of Tankan report

Currencies look set for a quiet period given the absence of any important statistical releases and the holiday-shortened week.

man interest rates seems remote, but the longer the Bundesbank persists in leaving the repo rate unchanged, the more market participants will start speculating that the next move will be up.

will lessen the chance of Germany meeting the Maastricht convergence criteria.

rumour-mongering lies ahead. Mr Dave Munro, chief US economist at High Frequency Economics in New York, says: "Analysts will be consumed in speculation on whether the Fed's next move will be to tighten or to ease."

ET GUIDE TO WORLD CURRENCIES

Table with columns for Country, Currency, and Exchange Rate. Includes entries for Argentina, Australia, Austria, Belgium, Brazil, Canada, etc.

SUTHERLAND & PARTNERS (EDINBURGH) LIMITED. With effect from Friday, 24 May 1996 we have changed our name to SUTHERLANDS Limited.

SIGMA SECURITIES S.A. - MEMBER OF THE ATHENS STOCK EXCHANGE. ATHENS STOCK EXCHANGE May 17th - May 24th 1996. GREECE.

CANADIAN PACIFIC LIMITED (Incorporated in Canada). CALGARY & EDMONTON RAILWAY COMPANY 4% DEBENTURE STOCK.

Vertical text on the right edge of the page, possibly a page number or reference.

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Closing mid-point, Change on day, Bid/offer spread, Day's Mid high, Day's Mid low, One month Rate, Three months Rate, One year Rate, Bank of Eng. index.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Closing mid-point, Change on day, Bid/offer spread, Day's Mid high, Day's Mid low, One month Rate, Three months Rate, One year Rate, J.P. Morgan index.

WORLD INTEREST RATES

Table with columns: Money Rates, Over night, One month, Three months, Six months, One year, Lomb. Interb., De. rate, Repo rate.

EURO CURRENCY INTEREST RATES

Table with columns: Short term, 7 days notice, One month, Three months, Six months, One year.

CROSS RATES AND DERIVATIVES

Table with columns: Country, Bid, Offer, DM, S, Y, etc.

FT GOLD MINES INDEX

Table with columns: Gold Mines Index, Bid, Offer, etc.

THREE MONTH EURO-DOLLAR (90M) \$1m points of 100%

Table with columns: Issue, Amt, Maturity, Price, etc.

BANK RETURN

Table with columns: Banking Department, Assets, Liabilities, etc.

UK INTEREST RATES

Table with columns: LONDON MONEY RATES, UK clearing bank base lending rate, etc.

RIGHTS OFFERS

Table with columns: Issue, Amount, Return, etc.

UK GILTS PRICES

Table with columns: Maturity, Price, etc.

BASE LENDING RATES

Table with columns: Bank Name, Rate, etc.

STOCK INDICES

Table with columns: Index Name, Value, Change, etc.

OTHER FIXED INTEREST

Table with columns: Instrument, Maturity, Rate, etc.

SPREAD BETTING ON OVER EIGHT MARKETS

Table with columns: Market, Spread, etc.

OFFSHORE COMPANIES

Table with columns: Company Name, Location, etc.

PETROLEUM ARGUS DAILY OIL PRICE REPORTS

Table with columns: Oil Type, Price, etc.

A PRIME SITE FOR YOUR COMMERCIAL PROPERTY ADVERTISING

Text describing advertising opportunities in the FT Guide to World Currencies.

BERKELEY FUTURES LIMITED advertisement.

FUTURES AND OPTIONS TRADING advertisement.

MARGINED FOREIGN EXCHANGE TRADING advertisement.

PHILLIPS ALEXANDER advertisement.

KNIGHT-RIDDER'S FUTURES MARKET DATA FROM \$70 advertisement.

WANT TO KNOW A SECRET? advertisement.

SPREAD BETTING ON OVER EIGHT MARKETS advertisement.

Margined FOREX advertisement.

OFFSHORE COMPANIES advertisement.

Petroleum Argus Daily Oil Price Reports advertisement.

MURPACE advertisement.

Mark-Eye advertisement.

EIF Enterprise Finance PLC advertisement.

EIF Aquitaine advertisement.

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EIF Aquitaine advertisement.

WORLD STOCK MARKETS

Main table of world stock markets including sections for EUROPE, BELGIUM/LUXEMBOURG, GERMANY, ITALY, POLAND, PORTUGAL, SWITZERLAND, TURKEY, PACIFIC, JAPAN, SOUTH AFRICA, NEW ZEALAND, SINGAPORE, AUSTRALIA, and US INDICES. Each section lists various stock indices and their values.

Advertisement for Rockwell featuring the text 'From outer space to the factory floor Rockwell leads the way' and the Rockwell logo.

Table of stock indices and market activity, including sections for INDICES, US INDICES, SOUTH AFRICA, AUSTRALIA, SOUTH KOREA, THAILAND, NORTH AMERICA, and TOKYO - MOST ACTIVE STOCKS. Includes a 'NEW YORK ACTIVE STOCKS' section with a list of trading volumes.

Handwritten text at the bottom of the page: '15.50' and '15.50'.

Vertical advertisement on the right edge of the page for 'AMERICA Go bring tire' and 'EUROPE Hells'.

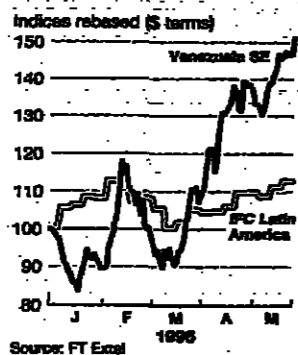
AMERICA

Gold miners bring life to tired Toronto

Canada

With Wall Street closed for Memorial Day, Toronto opened drowsily and looked little different at mid-session, the TSE 300 composite index easing 0.64 to 5,225.21 in turnover described as "skippy".

Venezuela



Source: FT Intel

high. Buoyed recently by foreign interest in what were seen as reasonably priced shares, the IBC index rose another 167.32, or 3.8 per cent, to 4,585.96 at mid-session.

Latin America

Renewed government commitment to economic reforms, and falling yields for fixed income paper, helped take CARACAS to its ninth successive all-time

ASIA PACIFIC

Politics move share prices in India and Thailand

Equities weakened further in BOMBAY as India's parliament opened the debate on the confidence motion in the country's first Hindu government.

The opposition was confident that it would topple Mr Atal Bihari Vajpayee, the prime minister, after barely two weeks in power, and the S&P 30-share index closed 56.15 lower at \$353.10.

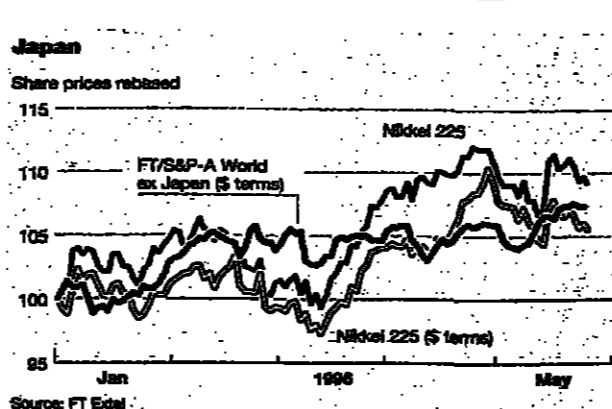
Shares in the Industrial Credit and Investment Corporation (ICICI) fell Rs3.75, or 3.9 per cent, to Rs92 as analysts said that the higher cost of funds was likely to have cut into profits growth in 1995/96.

BANGKOK finished higher after moderate trading yesterday on the expectation that a new cabinet line-up, due to be announced soon, would be an improvement on the present one.

The SET index was finally 11.65 ahead at 1,311.20 in turnover of Bt5.3bn. Banham Siriparcha, the Thai prime minister, is expected to announce a cabinet reshuffle some time this week in which some less popular ministers are expected to be dropped.

Tokyo

Small lot profit-taking and technical selling weighed on share prices and the Nikkei average ended moderately



Source: FT Intel

Roundup

Karachi was closed yesterday, and will remain shut today for a religious holiday. SEOUL recovered after last week's slide, a technical rebound taking the composite index up 5.67 to 820.43.

cast for the current year lost ground on profit-taking. Fuji Photo Film plunged Y210 to Y3,160 on overseas related selling. Investors were discouraged by the company's forecast of an 11 per cent fall in recurring profits for the current year to next March.

Technology issues were lower in spite of the rebound in the dollar against the yen, as fears of filtering semiconductor demand continued to weigh on electrical stocks. Oki Electric declined Y5 to Y760 and Sharp Y20 to Y1,760.

pared with 10 per cent a year earlier, but while this was a little higher than expected, said brokers, it had little effect on share prices.

Confidence in the economy was building up, said brokers, and the 51% gain to 855% in Philippine Long Distance Telephone in New York on Friday also boosted local sentiment.

LG Electronics closed at its limit high of Won21,700, up Won1,200, on hopes that it would benefit from the initial public offering by its affiliate, LG Semicon Co.

Confidence in the economy was building up, said brokers, and the 51% gain to 855% in Philippine Long Distance Telephone in New York on Friday also boosted local sentiment.

EUROPE

Helsinki stays impressionable

Most senior bourses were closed for Whit Monday. HELSINKI stayed impressionable, the wholesaler Kesko putting on FM3, or 5.2 per cent, at FM60.50 after it bought a majority stake in its rival, Tuho. The Hex index rose 21.41 to 2,056.05.

Turnover was FM221n, 20 per cent of that in Kesko, and 36 per cent in Nokia, up FM7.70 at FM197.20 after its gain on Wall Street last Friday.

MILAN thanked continued strength in the newly floated oil and chemicals major ENI for a positive conclusion to a thin day.

Following ENI's news of a good first quarter at its meeting last Friday, the shares advanced L172, or 2.5 per cent,

to L7,187 and the Mibtel index gained 65 at 10,617.

The cement group Calcestruzzi was less fortunate, falling L160 to L5,240 following news of a potential capital increase to fund the acquisition of two Greek companies.

MADRID reversed its early losses on late buying, and the general index closed 0.96 higher at 963.79. However, traders said that the market was on standby because of holidays in other European centres, and volume, a mere Pta16n, was boosted by block trades as people switched investments between accounts.

Telefonica was among the main climbers, moving ahead Pta25 to Pta2,305.

rate rise from the Bank of Israel. Equities followed Sunday's advance of 1.5 per cent with a further gain, the Mish-tanin index adding 1.61, or 0.8 per cent, at 211.26.

ISTANBUL shed another 3.9 per cent after a drop of 7 per cent last week, political fears escalating due to an Islamist centrist motion against the sitting minority coalition.

The composite index finished 2,371.56 weaker at 58,783.42, hitting a low of 58,123 in late trade after senior aides to the coalition partner, Mrs Tanju Ciller, said that their party would support the Islamist motion.

Written and edited by William Cochrane

Henkel rerating divides analysts

Best known in Germany for Persil washing powder, Henkel has seen a remarkable rerating since mid-April, writes William Cochrane. At one point last week, the preferred shares were up by 22 per cent over some six weeks, against a 2.3 per cent rise in the Dax index.

The performance followed midsize 1995 results from the consumer goods and chemicals company, with profits 5 per cent ahead on a 1 per cent increase in sales. However, the company's meetings with analysts and institutions were spiced with financial engineering: it announced the conversion of one in 10 of its preferred shares to ordinarys, and espoused the concept of shareholder value.

The prefs conversion raised Henkel's weighting in the Dax 30-share index and made it much less likely that the stock would be dropped as a constituent when Deutsche Telekom enters, following its flotation later this year. This was a genuine relief for outside holders who had seen Deutsche Babcock hammered down, before and after the engineer was excluded from the 30 last year.

The apparently joyous share price reaction has coincided with outperformance elsewhere in the depressed German consumption, and it has analysts in two minds: some of them think that the poor quality of Frankfurt's recent share price winners reflects a fragile phase of the bull market.

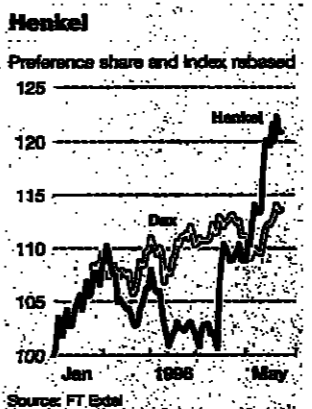
But Mr Hans-Peter Wodnick at Credit Lyonnais in Frankfurt thinks the plan has merit. He says that, until recently, the Henkel family, with around 70 members and now in its seventh generation since the founding of the company, was not interested in high share prices: members did not want to sell; and, even if they did not, they had to face the German wealth tax which was based on the market value of the Henkel preferred shares.

In mid-April, management revealed that some family members had said recently that they would sell, and the wealth tax is due to be abolished by the end of this year; and with last week's proposed 1997 tax revisions, the Federal government signposted a com-

S Africa quiet but Absa rises

With foreigners on holiday, local institutions stayed on the sidelines and the key Johannesburg indices reflected this: the all-share rose one point to 6,694 and industrials firmed 5.4 to 7,794.9, while golds slipped 0.9 to 1,984.1.

However, Amalgamated Banks of South Africa (Absa) had a good day, the shares forging ahead R175, or 8.4 per cent, to R2,250. Having turned in stronger growth than its peers in the year to last March 31, Absa promised to narrow the gap between itself and other banks in terms of key operating ratios.



Source: FT Intel

Table with 4 columns: 10 Year, 5 Year, 1 Year, and 3 Month. Rows list various stock indices and their values.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Fidelity Currency Funds Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

BERMUDA (REGULATED)**

Table listing Bermuda (Regulated) funds including Bermuda Intl Investment Mgmt Ltd, Fidelity Currency Funds Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIB Investment Managers (Guernsey) Ltd, Fidelity Currency Funds Ltd, and others.

IRELAND (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

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JP 11/15/96

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Main table containing fund names, codes, and prices. Includes sections for 'OTHER OFFSHORE FUNDS' and 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES
Please see the notes on the back of this page for more details on the fund's investment objectives, risks, charges, expenses, and other important information.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

CHIMICALS

Table listing companies in the Chemicals sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

CHEMICALS

Table listing companies in the Chemicals sector.

DISTRIBUTORS

Table listing companies in the Distributors sector.

ENGINEERING

Table listing companies in the Engineering sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing companies in the Investment Trusts Split Capital sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt sector table.

ENGINEERING

Continuation of Engineering sector table.

ENGINEERING, VEHICLES

Continuation of Engineering, Vehicles sector table.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

FOOD PRODUCERS

Continuation of Food Producers sector table.

GAS DISTRIBUTION

Continuation of Gas Distribution sector table.

HEALTH CARE

Continuation of Health Care sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

INSURANCE

Continuation of Insurance sector table.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Continuation of Investment Trusts Split Capital sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

INSURANCE

Continuation of Insurance sector table.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Continuation of Investment Trusts Split Capital sector table.

HEALTH CARE - Cont.

Continuation of Health Care sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

INSURANCE

Continuation of Insurance sector table.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Continuation of Investment Trusts Split Capital sector table.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS SPLIT CAPITAL

Continuation of Investment Trusts Split Capital sector table.

Advertisement for Hewlett-Packard Computacenter, featuring the HP logo and text: 'Print leader, performance servers, managed desktops. From the UK's leading provider of distributed IT systems and services. Computacenter'.

Handwritten Arabic text at the bottom of the page: 'دعواتنا الى الله'.

LONDON SHARE SERVICE

TRUSTS - Cont.

Table of trust shares including names like 'Trusts Ltd', 'Trusts plc', and their respective prices and dividends.

OTHER INVESTMENT TRUSTS

Table of other investment trusts with columns for name, price, and dividend.

INVESTMENT COMPANIES

Table of investment companies including names like 'Investment Co', 'Investment plc' and their financial data.

LEISURE & HOTELS - Cont.

Table of leisure and hotel companies with names and prices.

LIFE ASSURANCE

Table of life assurance companies and their share prices.

MEDIA

Table of media companies including names like 'Media Ltd' and their market values.

OIL EXPLORATION & PRODUCTION

Table of oil exploration and production companies with their share prices.

OIL, INTEGRATED

Table of integrated oil companies and their financial metrics.

OTHER FINANCIAL - Cont.

Table of other financial companies including names like 'Financial Ltd'.

PAPER, PACKAGING & PRINTING

Table of paper, packaging, and printing companies with their share prices.

PHARMACEUTICALS

Table of pharmaceutical companies including names like 'Pharma Ltd'.

PHARMACEUTICALS - Cont.

Continuation of pharmaceutical companies table.

PROPERTY

Table of property companies including names like 'Property Ltd'.

PROPERTY - Cont.

Continuation of property companies table.

RETAILERS, FOOD

Table of food retailers including names like 'Retailer Ltd'.

RETAILERS, GENERAL

Table of general retailers including names like 'Retailer plc'.

RETAILERS, GENERAL - Cont.

Continuation of general retailers table.

SUPPORT SERVICES

Table of support services companies including names like 'Support Ltd'.

SUPPORT SERVICES - Cont.

Continuation of support services table.

TELECOMMUNICATIONS

Table of telecommunications companies including names like 'Telecom Ltd'.

TEXTILES & APPAREL

Table of textiles and apparel companies including names like 'Textiles Ltd'.

TOBACCO

Table of tobacco companies including names like 'Tobacco Ltd'.

TRANSPORT

Table of transport companies including names like 'Transport Ltd'.

WATER

Table of water companies including names like 'Water Ltd'.

AIM

Table of AIM (Alternative Investment Market) companies.

AIM - Cont.

Continuation of AIM companies table.

AMERICANS

Table of American companies listed on the London Stock Exchange.

CANADIANS

Table of Canadian companies listed on the London Stock Exchange.

SOUTH AFRICANS

Table of South African companies listed on the London Stock Exchange.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service: Prices for the London Share Service delivered by FT Data, a member of the Financial Times Group. Includes instructions on how to use the service and what it covers.

FT Share Service

FT Share Service: The following charges have been made to the FT Share Information Service. Includes details on subscription and reporting fees.

FT Free Annual Reports Service

FT Free Annual Reports Service: You can obtain the current year-end report of any company listed on the FTSE 100. Includes details on how to request reports.

FT Cityline

FT Cityline: For up-to-the-second share prices call FT Cityline on 0208 43 or 0801 43 followed by the four-digit code listed after the share price. Includes details on how to use the service.

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NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

Advertisement for Hewlett-Packard with the slogan 'Time waits for no one.' and the HP logo.

Advertisement for Intercontinental Financial Centres with the slogan 'Gain the edge working days' and contact information.

Continued on next page

SDAY MARKET

May 28 1996

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page' and 'AMERX PRICES'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page' and 'AMERX PRICES'.

AMERX PRICES

Table of AMERX stock prices including columns for stock name, price, change, and volume.

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Advertisement for 'Italy' featuring the text 'Have your FT hand delivered in Italy' and 'Gain the edge over your competitors by having the Financial Times delivered to your home or office every working day.'

Table of AMERX stock prices including columns for stock name, price, change, and volume.

FT GUIDE TO THE WEEK

TUESDAY 28

India vote of confidence

A vote of confidence by India's newly elected parliament decides the fate of the two-week-old government of the Bharatiya Janata Party under the prime minister, Atal Bihari Vajpayee.

EU urged to speed up laws

EU ministers responsible for single market legislation met in Brussels to be told progress in sweeping away trade barriers is not fast enough.

Cardoso visits France

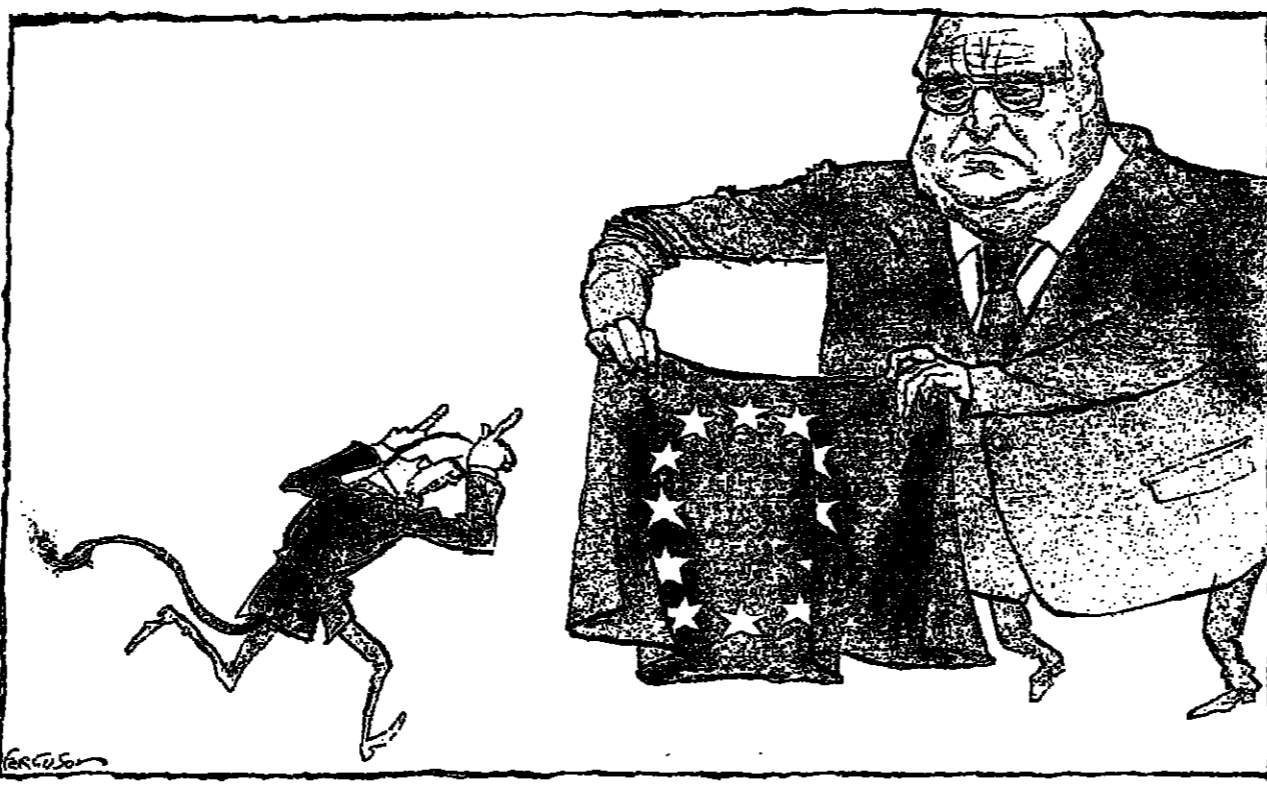
Fernando Henrique Cardoso, Brazil's president, meets Jacques Chirac, his French counterpart, on his first overseas trip since police gunned down at least 19 landless farmers.

Biodiversity in Latin America

Regional government and independent delegates will thrash out environmental policies, intellectual property rights and conservation at the Latin American Biodiversity Forum in the Colombian city of Santa Marta.

Manila pushes for tariff cuts

Abdullah Ahmed, the Malaysian foreign minister, arrives in Manila to meet his counterpart in the Philippines, Domingo Siazon.



The UK prime minister, John Major, lowers his horns to go headlong into battle with the European Union over the "mad-cow" beef crisis

expected to have difficulty persuading its Asean partners, notably Malaysia and Thailand, to accept this.

Nordic foreign ministers

Foreign ministers from Finland, Sweden, Norway, Denmark and Iceland hold their biannual meeting on the Aland Islands, Finland (to May 28).

Bottomley in Japan

Virginia Bottomley, the UK secretary of state for national heritage, visits Japan to boost cultural and trade ties (to May 31).

Tennis

The French Open, which started on Monday, continues in Paris (to June 9).

Public holidays

Armenia, Azerbaijan, Ethiopia, Virgin Islands, Iran, Pakistan (depending on sighting of moon).

Israel goes to the polls

Israelis elect a prime minister and parliament in what the parties are billing as the most crucial election in the history of the Jewish state.

process gunned down his predecessor, Yitzhak Rabin. Mr Peres' challenger, Benjamin Netanyahu, the Likud party leader, would adopt a hard-line policy which could grind the process to a halt.

Interpol gathers in Warsaw

Interpol begins its three-day, 25th annual European conference. Drugs and the fight against the continent's newly emerging mafias will be prominent on the agenda.

Red Cross disasters report

Hunger and refugees are the main themes of the annual world disasters report to be released by the International Federation of Red Cross and Red Crescent Societies.

Kohl in Portugal

Helmut Kohl, the German chancellor, makes his first official visit to Portugal since the Socialist government took office six months ago.

the signing of an agreement for Siemens, the German electronics group, to invest in a 1,000-job memory chip plant.

Rhythmic gymnastics

European championships, Oslo, Norway (to June 2).

Public holidays

Bangladesh, Fiji, Israel, Virgin Islands.

Northern Ireland elections

Northern Ireland goes to the polls to pave the way for all-party talks on the future of the province. The contest is for 110 seats in the new Northern Ireland Forum.

Russia courts WTO

Another round of negotiations on Russia's drive to join the World Trade Organisation begins in Geneva (to May 31).

raise tariffs by 20 per cent this year, and after settling a dispute over US exports of frozen chicken, Russia declared new quotas on food imports.

Showjumping

Hickstead Nations Cup, England (to June 2).

Golf

US women's Open, South Pines, North Carolina (to June 2).

Public holidays

Croatia, Trinidad.

Czech general election starts

Two days of voting begin in the third election in the Czech Republic since the Velvet Revolution in 1989. However, this is the first election since the country split with Slovakia in 1992 and is very much a referendum on four years of economic reform under the prime minister, Václav Klaus.

Japan bid-rigging ruling

The Tokyo High Court rules in the case of nine large and medium-sized electrical companies accused of rigging bids in winning public projects from the Japan Sewage Works Agency.

Public holidays

Malaysia, Singapore (Simex open), Thailand.

Ariane 5 to be launched

Ariane 5, Europe's new entrant in the £1.9bn a year commercial satellite-launching market, is due to make its maiden flight. The 51.37-metre high rocket, the largest in western Europe, is to be launched from the Kourou space complex in French Guiana.

Cleaner petrol in California

A new air-quality petrol regime begins in the US state of California. Petrol stations

will sell fuel which reduces emissions of smog-producing compounds from vehicles by about 15 per cent. The project is expected to reduce cancer risk from exposure to petrol by more than a third.

Public holidays

Azerbaijan, Brunei, Kenya, Malaysia, Mongolia, Sri Lanka, Western Samoa.

Boost to Dayton accord

The US and European powers meet the presidents of Serbia, Croatia and Bosnia in Geneva in an effort to push forward the stalled Dayton peace plan. Warren Christopher, the US secretary of state, and senior officials from Russia, Germany, France and Britain will address the failure of the Balkan leaders to arrest war criminals indicted by the International Tribunal at The Hague.

Run-off in St Petersburg

Anatoly Sobchak, the liberal mayor of St Petersburg, faces his deputy in a run-off election. The vote might foreshadow the anti-incumbent mood in Russia two weeks before the presidential elections.

Nastase serves to Romania

Ilie Nastase, the former tennis star, has the advantage in the campaign for the mayoralty of Bucharest, the capital of Romania. Mr Nastase is standing for the governing Party of Social Democracy in Romania's second local election since the collapse of communism.

Motor racing

After the calamities of the Monaco grand prix, in which only three cars finished, Britain's Damon Hill (Williams-Renault) will be hoping to extend his comfortable lead over his main rival, Germany's Michael Schumacher (Ferrari), for the world title.

WEDNESDAY 29

THURSDAY 30

FRIDAY 31

SATURDAY 1

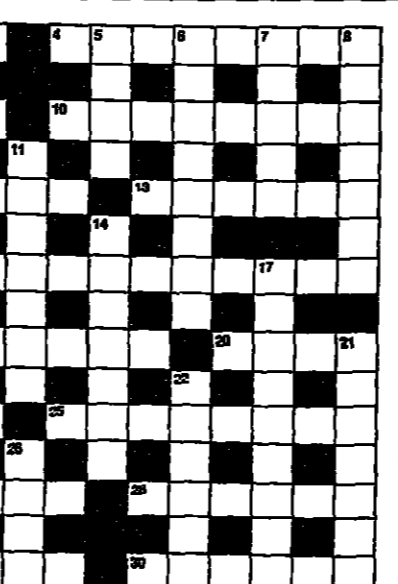
Other economic news

Monday: Adjustment of stock levels is thought to have depressed economic growth in Australia during the first quarter of the year. Tuesday: The surge in the Conference Board's measure of US consumer confidence last month is expected to have partially reversed last month.

Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Contains data for various countries and economic indicators.

- ACROSS 1 Season well (6) 4 Abroad, went out with old hat (8) 9 Sportsman may shoot them for fun (8) 10 Contrary chat (8) 12 Grace may arrive in disguise (8) 13 Such position in society is often symbolically expressed (8) 15 Few uttered an expression of surprise (4) 16 Stagers, due to ill-fitting satin shoes (10) 19 One who is clever in the letters of Freud and Eliot (10) 20 Some past Indian national currency (4) 23 Incorporate dome by reconstruction (6) 25 Put weight on, knocking back sweets (8) 27 One who follows a good lead? (8) 28 About to sit and take it easy (6) 29 Weather men caught in a flurry of sleet (8) 30 More than one rock group? (6)

- DOWN 1 Drop out at university to get ready for the theatre (5,2) 2 Theatre company object to stage (9) 3 One who considers life barely worth living (8) 5 Is superior to a bad pun about love (4) 6 Perfectly fit model of pacifism to follow (8) 7 Game pie has nothing in it (5) 8 Suits oneself (7) 11 One's naughty spirit as an individual (7) 14 A virtue easily cultivated (7) 17 Leaves effortlessly (5,9) 18 Inaccurate shooting, but it can spread destruction (8) 19 Time the bowler started? More than time (7) 21 Speak to one's horse (7) 22 Failing to join the enemy (8) 24 Cook beats a mixture (5) 26 A residence with no outstanding features (4)



PRIZE CROSSWORD No.9,079 Set by DANTE

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £5 Pelikan vouchers will be awarded.

Winners 9,067 Mrs K. Wilson, Newton Ferrers, Devon P.E. Carter, Oldham, Lancashire Amy Hunter, Montpellier, Bristol Mrs R. Moir, Bracknell, Berks Vera O'Sullivan, Wickham, Hants D. Szczublewski, Cheshunt, Herts

Bank Austria advertisement: Ar you missing out on business opportunities in Central and Eastern Europe? Come to the Third Anglo-Austrian Forum and find out how your business with Central and Eastern Europe can grow.

Prize crossword solution grid showing words like SENTINEL, SCREEN, AFFECTIONS, etc.

JOTTER PAD advertisement: The solution is IIP Computer Systems. Hewlett Packard logo.

Handwritten text: 155A 010101010101

THIS WEEK

Eternal City seeks silver for Jubilee

DATELINE
Rome: the city is about to get its biggest infrastructural overhaul since Mussolini imposed his neo-brutalist town planning, writes Robert Graham

A soft blue line, a car's width from the pavement, has started to appear on some of Rome's streets. The purpose of this mysterious demarcation has become obvious all too quickly with the installation of an aggressive-looking machine dispensing parking tickets. A system of paid-for parking has been introduced at L2,000 (84p) an hour between 7am and 11pm every day except holidays.

The more "civilised" cities of northern Italy long ago introduced paid-for street parking. The absence in Rome of such a system has always been justified by a tacit pact between the authorities on the Campidoglio (the seat of city hall) and Romans to the effect that so long as public transport remained poor, traffic chaotic, and parking space limited, motorists would not be penalised.

overhaul since Mussolini imposed his neo-brutalist town planning. The occasion is the Jubilee year 2000, embracing two interlocking celebrations. One is sponsored by the Vatican: the 28th Jubilee year since the concept was introduced in 1900. The other is the Eternal City's own celebration of the onset of the 21st century.

projects include a metro line from the Colosseum to St Peter's, restoration of ecclesiastical monuments and building of new churches, and hostel accommodation for pilgrims. Two key issues are unresolved: funding and management. Rome has been looking for substantial state funding. The 68 main projects carry a public price tag of L3,400bn, but the previous Dini government felt it lacked the political authority to earmark such a sum to be spent mainly by a centre-left municipal administration. Political sensitivities were aggravated by moves to control the management of the Jubilee by setting up a special agency.

shelled out money for a spurious tram line, eight unnecessary metro stations, plus a new airport train terminal, abandoned because of its poor site. However, the advent of the new Prodi government has allowed a fresh start. In fact, the Jubilee funding and management issues were unblocked last Friday in the first week of the new administration. The state will stump up L3,400bn, though the money will not be administered via a special junior minister for the Jubilee as requested by Rutelli. The mayor's request was discarded as the various partners in the centre-left Olive Tree coalition could not agree on who should fill such a post. Each party wanted its own candidate to control such immense patronage. The management compromise

takes the form of an inter-ministerial commission with overall responsibility under premier Romano Prodi. The government will buy a 51 per cent stake in the agency set up by Rutelli to prepare the Jubilee's technical side. The government will be represented by the ministries of culture, environment, public works and transport. Already Antonio Di Pietro, the former anti-corruption Milan magistrate recruited this month into the public works portfolio, has shown his mettle. Within hours of the cabinet approving the Jubilee funding, he announced the appointment of a special Jubilee official and almost succeeded in controlling everything. Di Pietro's presence should guarantee that public money will not be squandered or siphoned off by corruption. But even this high-profile political neophyte may find the public works timetable beyond his control. With only 1,800 days left, work on the important projects may start too late to be ready on time.

PEOPLE

Ross Goobey attacks "Catch 22"

High hopes are pinned on the new chairman of the PFI, reports Andrew Adonis

Since its launch three years ago, the UK government's vaunted Private Finance Initiative has been caught in almost a Catch 22 situation. The PFI's objective is to get the private sector to play a central role in financing and managing public sector investment. But to negotiate this new relationship, contract by contract, Whitehall's politicians and civil servants need those very private sector skills and attitudes which they are seeking to acquire as a result of the PFI.

contracts signed and started." He notes the irony that some of the areas causing most PFI problems—such as the provision of new Whitehall office accommodation, feature long established public-private collaboration. "The critical aspect of PFI is the transfer of new risks to the private sector," he says. "In the case of property, the industry is having to adapt to the fact that old-style sale and leaseback deals are simply not on offer."

are extremely wary of the PFI. Contractors complain loudly about the expense and delay involved in negotiating PFI contracts. Bovis, the construction company, joined the chorus last week saying it would not tender for further PFI road projects.

been dominated by project finance bankers, with projects largely debt financed. People will want to see whether initiatives work, but if it does—and we are optimistic—then I would expect to see a number of me-too equity funds before long."

Lord Wakeham—chairman of Britain's Press Complaints Commission—debt mediator to Eurotunnel and chief spokesman for the troubled sport of British horseracing, among other things—has been a prominent Mr Fixit for more than a decade, writes Tim Burt and Michael Thompson-Niel in London.

More juggling for IRI's industrious Pietro Ciucci

For Ross Goobey, chief executive of Hermes Investment, which manages Britain's post and telecoms pension funds, it is a third stint as a semi-detached Treasury troubleshooter. A former special adviser to Lord Lawson in the run-up to the 1987 general election, and to Norman Lamont in the year before the 1992 election, Ross Goobey is accustomed to having the run of the Treasury to help chancellors out of difficulties.

There were no private operators prior to PFI, he believes it has proved easier to secure innovative contracts offering improved value. Prisons highlight the political friction over PFI. Jack Straw, the shadow home secretary, has condemned privately managed prisons as "morally repugnant". And there is controversy about the extent of contracting within the National Health Service.

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Alastair Ross Goobey: third stint as a semi-detached Treasury troubleshooter



Lord Fixit champions horseracing

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As IRI's finance director for the last three years, Ciucci, 45, has played a central role in selling IRI's most valuable assets. And he knows just how desperately IRI needs to sell off remaining jewels, including its majority stake in Stet, the telecommunications holding company, where he is a board member. IRI faces the wrath of Brussels if it does not reduce its looming debt by the end of this year to the level agreed with the European Commission three years ago.

Horsing Board. The post is not at all cushy, for it will be Wakeham's task to peddle the interests of this large and complex sport in the corridors of power. There are still plenty of racehorses, racetracks and racegoers. And an estimated 100,000 people still earn a living from the betting and racing businesses, which generate large sums in betting duty (more than £350m annually).

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SEARCH... Call for a full information pack on +44 (0) 171 625 7907



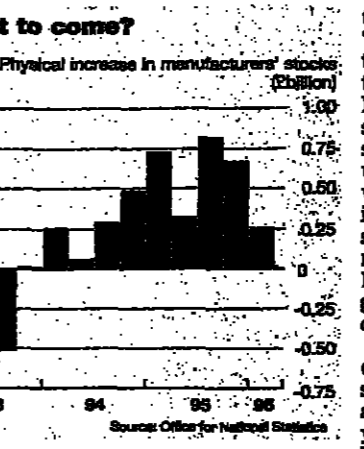
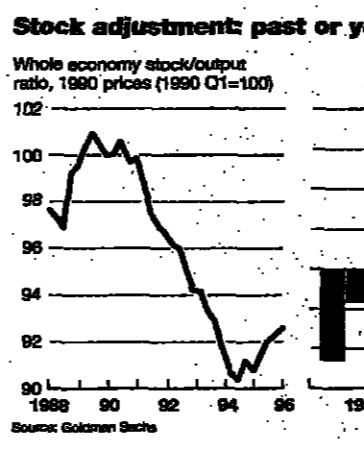
Robert Chote - Economics Notebook

Mist clouds crystal ball of statistics

Doubt about the data of past, present and future undermines any forecast

The life of economic forecasters would be a great deal easier if the future was all they had to worry about. Unfortunately, their ability to discern where an economy is going is severely hampered by imperfect knowledge of where it is now and from whence it has come.

Stock adjustment: past or yet to come? Whole economy stock/output ratio, 1980 prices (1980 Q1=100)



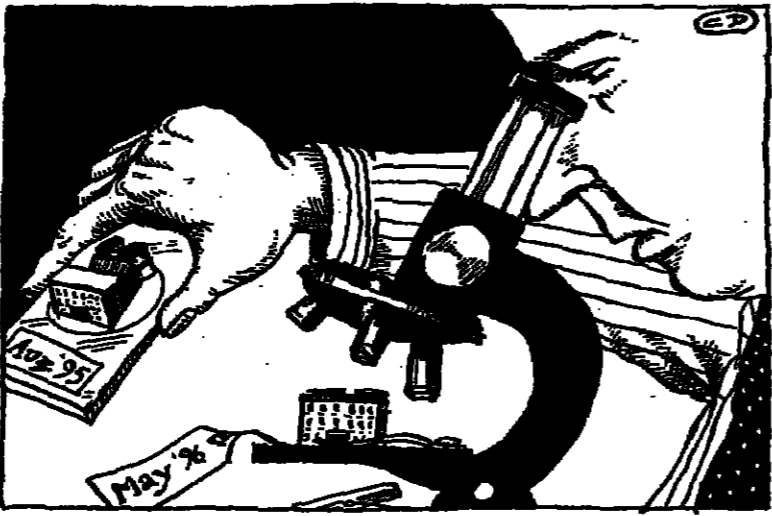
dom has it that manufacturers were caught out by the weakness of demand last year and that they have therefore suffered an involuntary rise in stocks. Factory output has fallen now for two successive quarters, suggesting that companies have been tackling these excess stock levels by meeting demand from the storeroom shelf.

BUSINESS EDUCATION

Della Bradshaw examines why case studies are still proving popular

Setting a good example

When business school teaching methods come under scrutiny one of the most controversial is inevitably the case study, which focuses on one company at a pivotal point in its development. As a teaching method it has been around since the 1920s and the concept is intrinsically linked with Harvard, the doyen of business schools.



But while many academics believe the turbulent business life of the 1990s makes this method of teaching outdated, for others – particularly in East Asia – case studies are now considered an innovative teaching method which can replace traditional lectures and promote student interaction.

Large companies often rely on case studies too, particularly those with their own training departments. As a result millions of copies of case studies are sold every year – 6m from Harvard alone – and the figure is growing.

Harvard is still by far the biggest producer. Faculty there write between 600 and 750 new cases every year. About half are the result of field studies, the rest compiled from annual reports and public information.

The other two big North American advocates, the Darden Graduate School of Business Administration at the University of Virginia and the Richard Ivey School of Business at the University of Western Ontario, also produce hundreds of cases a year. In Europe instead, IMD, Cranfield, London Business School and Insead dominate.

For the faculty the overriding reason for writing a case is to fill a hole in a course, especially a new course. A secondary reason is opportunism – academics track particular companies and an opportunity may arise to look at the organisation in detail.

Needless to say, many companies are only prepared to allow access in order to promote the company. Cases are usually "neutral to positive", concedes Dwight Crane, senior associate dean at Harvard.

In spite of the vast sales figures making

money barely enters the equation, say the academics. The cost of cases in Europe – from the European Case Clearing House, on the Cranfield School of Management campus – is £2.40 per copy for academic institutions.

The schools that base their teaching on case studies are locked into the approach for ideological reasons rather than money. "We are above all a case method school so it's the fodder with which our students get fed," says Robert Spekman, research professor at Darden who oversees all publications from

the school. "It's what we do, it's the way we define research."

Even those schools that deride the case study approach often use Harvard cases in their own teaching, says Crane. (Two-thirds of all US MBA courses use Harvard case studies.)

Mike Leenders, chairman of the operations management group at the University of Western Ontario, and a proponent of the case study method for more than 25 years, believes that two of the biggest hurdles for the method are that cases are badly written – many, at up to 25 pages, are considerably too long – and that they are badly used.

Most academics like to talk about the study rather than allowing the students to "take ownership" of it as if they were making the decisions, he says. "Clearly the whole philosophy is that we write about real people in real organisations facing real issues."

Leenders believes students should be allowed time to study the case themselves before arguing through the issues in small groups, to bring a richer input to the full class discussion.

Some cases are available on video, others on CD-ROM, but the big leap will be when the cases are available on the Internet. That will only be possible once a suitable charging method has been devised, says In Blake, manager for case method seminars at the European Case Clearing House. "It is important to us to feed the money back to the people who put all the effort into producing the material in the first place."

NEWS FROM CAMPUS

Where content takes precedence over form

Management courses which deal with presentation skills are two a penny, but those which deal with analysing the content of proposals are less common. Square is a course which involves identifying the critical issue, developing a business plan, checking its authenticity and then realising the proposal, according to its developers, Magnolia House in London.

The 25-hour course has already been adopted as part of the full-time Master of Business Administration degree at Cranfield School of Management. Places are available on open courses or Square can also be taught for individual companies with an optional extra day to help the company deal with its specific problems.

Magnolia House: UK, (0)171 639 1032.

Vietnamese managers to acquire US skills

In plans to train Vietnamese managers in American business skills the Amos Tuck School of Business Administration at Dartmouth College, New Hampshire, has begun a co-operative

Small businesses get their own MBA

The first Master of Business Administration degree in the UK designed specifically for small businesses will begin in Bolton in September.

The course, developed by Bolton business school in partnership with the Bolton Bury Tea (training and enterprise council), will involve part-time weekend study combined with a "learning contract" which will be agreed between the applicant, the applicant's employer and the business school. The student will then develop competencies required under the contract and be assessed accordingly.

Bolton BS: UK, (0)1204 528551.

Funding for four-year degree course

The European Business School, based at Regent's College in London, is offering a £30,000 bursary to cover the costs of a four-year BA degree course in international business and management at the school. Applications for the John Payne scholarship must write an essay or report on one aspect of the European Union. The degree from the college is validated by the Open University.

European BS: UK, (0)171 487 7454.

Financial help to study in the Big Apple

European students who want to study in New York – but cannot afford the fees – could soon be supported by the Columbia Business School European Scholarship Fund.

The establishment of the fund will be announced this weekend at Columbia's third pan-European alumni reunion, which is to be held in London.

Columbia BS: US, 212 854 6048.

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JUNE 4 & 5	Introduction to Foreign exchange and money markets	LONDON
JUNE 7	Introduction to Exotic Options	LONDON
JUNE 8-14	Implementing Business Strategies for Financial Services	LONDON
JUNE 10-14	FIAT/OA International Derivatives Conference and Exhibition	LONDON
JUNE 11	The Internet: A Corporate Revolution?	LONDON
JUNE 11/12	Understanding Treasury derivatives	LONDON
JUNE 17-18	Making Effective Presentations	LONDON
JUNE 17-20	Corporate Credit Analysis	LONDON
JUNE 18	Restoring Public Trust	LONDON
JUNE 20	Pension Scheme Management and Accounting Conference	LONDON
JUNE 20	The Battle Against Retail Crime	GLASGOW
JUNE 20	Transport Policy Conference	LONDON
JUNE 21	Independent Power - Europe: Prospects and Challenges	LONDON
JUNE 21	Successful Strategies for Acquisitions Conference	LONDON
JUNE 25 & 26	Risks & Structures in Trade Finance	LONDON
JUNE 25-29	Jordan Exhibition	LONDON
JUNE 26-27	From Information to Knowledge Management	LONDON
JUNE 27	Credit Standards Today	LONDON
JUNE 27	Private Finance in the NHS	LONDON
JUNE 27-28	Introduction to Documentary Credits	LONDON
JUNE 28	Corporate Governance Forum	LONDON
JULY 3 & 4	A Competitive City for the Next Century-Regulations, Technology, Europe, A Second Big Bang	LONDON
JULY 8	Pensions & Long Term Care - The Role of the Private Sector	LONDON
JULY 8	Polish Capital Markets & Investment Conference	LONDON
AUGUST 11-16	"The Shape of Banks to Come"	CAMBRIDGE
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BUSINESS TRAVEL

Travel News Roger Bray

TGV to Amsterdam

Europe's high-speed railways launch a challenge to the airlines next week with the introduction of a TGV service linking Paris, Brussels and Amsterdam. Operating under the brand name Thalys, it will cut journey times by up to 30 minutes.

Belge track is completed, that will be cut to 7-hour 26 minutes.

Some Brussels services will carry on to Liege or Antwerp. The journey time from the French capital to Amsterdam will be reduced immediately from 5 hours 20 minutes to 4 hours 50 minutes - and eventually, 3 hours 56 minutes.

City air link

Alliata plans to start flying from London City airport to Milan by September. The service has been held up by the demise of Dutch aircraft manufacturer Fokker, which

delayed delivery of a jet modified to land on the Docklands runway.

The airline, which already flies to Milan from Heathrow and Gatwick, aims to offer two departures a day from Monday to Friday. It says: "We were supposed to start in June. We had already received six of the 15 Fokker 70s we ordered but we are no longer sure of the delivery schedule. Unfortunately the seventh was the one earmarked for the Milan service."

Cholera warning

The Malaysian authorities are taking emergency measures to counter an outbreak of cholera, centred on the island

of Penang. Travellers are advised not to drink from taps, to stick to bottled water and avoid ice.

Meanwhile, better health news from Russia, where the World Health Organisation reports a huge fall in the incidence of diphtheria after a widespread immunisation campaign. Reported cases fell greatly in the second half of last year.

The picture elsewhere in the former USSR is less clear. In Azerbaijan, Kazakhstan and Tajikistan, for example, the number of cases roughly matched, or exceeded, those recorded in the same months of 1995. Doctors still recommend immunisation for travellers to most

former Soviet states.

Destination India

Japan's All Nippon Airways is seeking permission to fly to India, operating two-class Boeing 767s from Tokyo to Delhi via Bangkok, and Osaka to Mumbai (Bombay). The start of the Mumbai service is pencilled in for September 5. Delhi flights are scheduled to begin on October 1.

Atlanta's fine fare

Air travellers have long felt an affinity with sheep. At Atlanta's Hartsfield airport they may now safely graze. A 225,000-sq-ft atrium, recently opened between the north and

south terminals, includes a "food court" of the kind that has become commonplace in American shopping malls. This allows passengers travelling together to pick up food from a variety of outlets and regroup at the same table.

The choice ranges from fast-food staples such as pizza and hamburgers to southern fried chicken and Creole gumbo. Airport operators desperate for new revenue but starved of space will look on in envy. There will be a flood of 130 new shops at Hartsfield to take advantage of a flood of visitors to this summer's Olympic Games. To quote the management: "The days of boring airport food are over."

Likely weather in the leading business centres

Table with columns for Day, Night, and weather icons for various cities like Hong Kong, Frankfurt, London, Paris, etc.

BEIRUT DAMASCUS Amman 0345 320100

Amon Cohen on the growing demand for long-stay hotel accommodation

Think of the most wonderful business hotel you have ever stayed in. It had a triple bed, almost certainly. Service, food and facilities were immaculate, naturally. You could even watch hilarious Norwegian game shows on cable television. However, fun as all this might have been for a night or two, would you really want to stay there a month?

Home from home

Incidentally an upmarket option. In London, city-centre service apartments such as The Athenaeum now find that 50 per cent of their guests are corporate customers, compared to 35 per cent five years ago. It is perhaps with this trend in mind that traditional hotels are starting to build apartments within their existing properties. Thistle Hotels opened an apartment at the Royal Horseguards Hotel in London last year, and is now hoping to find space for another on its premises.



Guests receive normal hotel services, such as housekeeping, room service and laundry. They also receive a starter pack of basic food, and the housekeeper will send out for specially requested items. Royal Horseguards general manager Julia Fitzgerald says the apartment is proving particularly popular with women executives. "Perhaps they use the kitchen more than men because they don't want to eat alone in the restaurant."

Eurocommuter enjoys the age of the train

Lille in northern France is a rabbit warren: a night-mare of streets that seem deliberately designed to confuse and deter motorists. So it is appropriate that the city should have become not just a hub but a home base for a new breed of European train travellers.

Susan Carey is a perfect example. One week this spring she took tea and did a little shopping in London, two hours from Lille by rail; visited the opera in Brussels, 75 minutes up the track; and popped into Paris in less than an hour for a service at St George's Anglican Church. She is enjoying a trend with such potential that advertisements have been appearing in Lille, urging locals to learn English, the better to cope with their new customers.

Roger Bray

Advertisement for Financial Times Television featuring 'Big Banking' and 'STRATEGIES is available on Lufthansa's INSEAT Service on all its longhaul routes.' Includes American Express logo and the slogan 'There is only one American Express.'

Advertisement for a desktop computing conference. Text includes: 'On Friday, June 7 a special meeting will take place in central London to debate the future of desktop computing. IT world leaders, including Larry Ellison, Peter Bonfield and Dr Irving Wladawsky will speak at the conference which will be broadcast live over the Internet using RealAudio technology.' Large text reads 'The desktop desktop computing conference.' Includes the FT logo and website information.

Vertical text on the right edge of the page, including 'John Malloy', 'Ma', 'TCI's', 'John', 'well', 'Micro', 'Turner', 'But the', 'Wednes', 'day in', 'relativ', 'interest', 'the last', 'The', 'Corp', 'headqu', 'to finan', 'this me', 'doch st', 'agreed', 'Corp an', 'Liberty', 'municip', 'form a', 'own an', 'help', 'TI', 'stand', 'casting', 'largest', 'expand', 'group', 'in its', 'goes', 'Turner', 'Food', 'Mike', 'of his', 'ships', 'are al', 'shape', 'inform', 'be see', 'around', 'They', 'where', 'large', 'stage', 'from', 'exam', 'for one', 'Through', 'panies', 'met', 'from', 'and his', 'controls', 'ment', 'ingly', 'owns', 'content', 'TI', 'network', 'subscri', 'invest', 'master', 'multi', 'able', 'est in', 'gram', 'while', 'Nasdaq', '20 cha', 'Everything', 'in the', 'need'

Handwritten Arabic text at the bottom center of the page.

MEDIA FUTURES



John Malone: "Nobody can really afford to get mad with their competitors, because they are partners in one area and competitors in another"

Master of bits at home in the hub

TCI's John Malone has digits in many technological pies, writes Raymond Snoddy

John Malone, the billionaire president and chief executive of Tele-Communications Inc (TCI), is not as well known as Bill Gates of Microsoft, Ted Turner of Turner Broadcasting, or News Corporation's Rupert Murdoch. But they all know Malone. Last Wednesday, Malone spent the day in Seattle with Gates reviewing projects such as interactive television news on the Internet.

The following day, News Corp executives were in TCI's headquarters in Denver trying to finalise a new deal. Earlier this month, Malone and Murdoch signed a comprehensive agreement under which News Corp and two TCI companies, Liberty Media and Tele-Communications International, will form a worldwide alliance to own and operate sports channels on a global basis.

TCI is also an important shareholder in Turner Broadcasting and will be the single largest shareholder in the expanded Time Warner-Turner group if the merger goes ahead in its present form. (Malone goes quail shooting with Turner and his wife, Jane Fonda.)

Malone says he values each of his very different friendships with the three men who are almost defining the future shape of the global media and information society, and that he sees himself as the hub around which they all revolve. They visit the hub in Denver - where Malone sits behind a large semi-circular polished-wood desk on the 11th floor in front of a 6ft replica of a 19th century American's Cup yacht - for one simple reason.

Through a string of TCI companies that TCI executives estimate could be worth anything from \$30bn (\$20bn) to \$85bn if they were ever sold, Malone and his partner, Bob Magness, controls not only programme content in the US but increasingly around the world, and owns channels to deliver that content to audiences.

TCI has embraced all the new digital technologies, though it does not claim to produce inventions. "We are deployers and synthesizers of technology," says Malone, adding that TCI is running fast in many different directions, following - to a great extent - in technology's wake. "This is like a chain. It takes you into new businesses," says Malone. He is much less sure about the ultimate destination or speed of change. Instead, he believes in concentrating on new products and services he thinks the public will buy.

One new service that Malone is convinced will be successful offers fast access to the Internet. TCI will launch @Home, a service using a cable modem that will provide access to the Net 700 times faster than current services, in the US later this year and in the UK early next year through TCI's cable partner in Britain, TeleWest.

"We think there is a huge appetite for high-speed Internet interconnection," he says. He is optimistic about the launch of digital-cable, which has its

most significant commercial launch in the US in Hartford, Connecticut, in October. Apart from high-speed Internet access when it becomes available, digital-cable viewers will receive between 100 and 150 channels, including around 60 channels devoted to near-video-on-demand, showing hit movies on a large number of channels with staggered starts so that viewers are ever only 20 minutes from the start of a movie they want to see.

Malone says he is extremely conservative when pondering which particular new-media strategies or technologies will be most successful. "When I go horse racing, if three horses look as if they have a chance of winning, I want money on all three," he says. The industry is growing so fast that Malone often has a stake in two or three entrants in the belief that all will do well.

It is important, says Malone, for big-time communications concerns to own channels of distribution as well as programme content, though he is still not sure how far he should involve TCI in content. "Should I be trying to buy Gamnet (a US newspaper group), USA Today or make a deal domestically with Dow Jones? I don't know."

TCI's strategy is straightforward: own or control a conduit to the consumer and stuff as much down it as you can. The TCI president does not believe the television set and the computer will merge completely, to be replaced by a single box or screen on the wall, although the two - he thinks - will become increasingly alike. He believes there will still be a separate screen primarily for entertainment and another that will be used for work.

Of the battle between cable and satellite, Malone says the outcome depends on the economics and politics in different countries. In the US he believes digital-cable will be very powerful, partly because of Internet access, and that cable could also turn out to be dominant in Asia for political reasons. "They don't want regional satellites with Rupert Murdoch deciding what they should watch," he says.

For all its power and wealth, perhaps the most remarkable thing about TCI is that it never makes profits - or, when it does, that that is regarded as an aberration requiring investigation. Malone says it is the aspect of the company that is most misunderstood. "The last thing you want to do is pay

Tim Jackson

A Net loss in quality of service



Some weeks ago, this column covered a new Internet stockbroking business by the name of E*Trade. The company is based in California, offers a standard service to retail investors: buying and selling the shares of public companies in small lots for commissions that make even deep-discount houses seem overpriced. At a flat fee of \$15 (\$9.80) to trade on the New York stock exchange, and \$20 to trade on Nasdaq, it sounded too good to be true.

I was, I decided to open an account - and experienced the grim reality of dealing with an Internet startup. After obtaining the application forms, sending them off and waiting a month, I contacted the company by e-mail, only to be told that the forms had never been received.

The next day, the forms came back, with a message saying that as a non-US resident I needed to fill out a further form. That I did. Chasing the matter another month later, I received the package again, with instructions to start from scratch as one detail had been omitted. It was nearly three months before the account was open.

The experience reminded me of a conversation with an eminent computer scientist who bemoaned the effect technology is having on service industries. He complained that the Net, as with computers before it, is removing from organisations the people who apply the oil when the wheels squeak. The result may be lower costs, he grumbled, but service gets worse by the year.

Look at voice-mail, he said. Today it is impossible to reach anyone on the phone, because calls are connected directly to automated answering systems. Twenty years ago calls may have been connected by middle-aged ladies

plugging wires into rudimentary electrical boards, but at least they were connected to real people.

The scientist had a good point, and one that has great public resonance. But I think it is wrong, and worth saying why. Soon after the E*Trade debacle, I decided to open an account with a discount telephone brokerage in London called City Deal. Opening an account there was marginally easier than with E*Trade, but problems soon began.

The staff seemed to be overworked and undertrained, and the company's system appeared to have been designed with a lack of imagination that would make the manager of a Soviet steel mill gasp. Yet there was no Net technology at work here. It was just the old problem of a not very well run company with cut staff.

One conclusion from the comparison might be as follows. For any given service business, there is an infinite number of combinations of price and quality of service, and for a given technology, the two are inversely related. If there are more people in the customer service department and those people are better paid, then the chances are higher that they will deal with customers' problems quickly and competently. Fewer people means worse service.

Cyber sightings

- ChinaInternet (www.chinainternet.com) is under construction to provide material covering business and media in China, Taiwan and Hong Kong. Nice graphics, accounts for a further 30 channels, Malone says. "Everything comes our way". In the new-media age, the need for good corporate relationships at the highest level transcends power, convenience or self-interest. It has become a necessity. "No organisation has the skill level or the balance sheet, except maybe Bill Gates, to do it all," said Malone in a rare interview. He meant that world-class media players, with egos to match, who compete and co-operate simultaneously in different markets, have to find ways of maintaining at least minimum levels of civility.

Southampton Trade and Industry Exhibition (www.uk.com/sti96) has advance information about the show on June 19-20. Exhibitors get a free ad on the Web site.

- On the subject of conventions, Variety magazine's ShowBiz Expo, for anyone concerned with the future of the entertainment industry, is in Los Angeles on June 28-30, with an emphasis on digital technology. Details at <http://showbizexpo.com> - a nice promo site in itself.
- The Lead Industries Association has put up a good, user-friendly site (www.leadind.com) with information on the lead industry and its applications in architecture and the construction industry. Don't let rush.

Finance Area (www.isi.it/finanziaindex.html) is an Italian site collating financial information and contacts. Good use of frames, but it can take a while to load properly if not on a fast connection.

- Another enhanced site is the online version of Scientific American magazine (www.sciam.com). As well as the sort of informative content you'd expect - the summaries are particularly useful - it has one particularly nice feature: when you click on the home page advert (in this case for Saab) it opens a new browser window so you don't have to leave the Sciam site. Worth bookmarking.
- The US Environmental Protection Agency's Mixed Waste Team Home Page (www.epa.gov/radiation/mixed-waste) has, honestly, more stuff than any sane person could ever need on identifying and treating nuclear materials, with lots of pictures of guys in biohazard suits. Call it up when digging a big hole in the back garden has lost its entertainment value.
- Finally, a new site to stop my six-year-old going straight to Disney.com. This week's big hit in the kids' room is www.panda.org, the World-wide Fund for Nature's site.

Steve Macpooking@ft.com

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ARTS

OPENINGS



BIELFELD Contemporary British opera is currently having a great run in Germany...

DROTTHINGHOLM This is Elisabeth Söderström's final season as festival director at the Drottningsholm court theatre in Sweden...

LONDON The outstanding American singer Kim Criswell (right), seen here four years ago in "Annie Get Your Gun", returns to London in a new but old-style musical, "Dames at Sea"...



HANOI The Russian cellist Mistislav Rostropovich is to give two evening recitals in Vietnam this week...

MILAN La Scala's new production of Wagner's "Ring", conducted by Riccardo Muti (below) and staged by Erwin Engel...

Melody maker

Andrew Clark talks to the acceptable voice of modern music, composer Nicholas Maw

In a leafy suburb of Washington DC, the English composer Nicholas Maw is pouring himself a lunchtime glass of wine and recalling how an American colleague recently summarised his music...



of the past. I want to be able to do in my own way things that were always done before in music...

there's a strong sense of searching - my own searching, the listener searching, the piece itself searching...

Henze and Maxwell Davies, have written symphonies which I don't regard as symphonic. If you're going to write a symphony today, there must be a damn good reason for doing it...

Ballet/Clement Crisp Timeless steps

Balanchine's Agon will be 40 years old next year, and it is the most modern ballet in the world. Stripped of everything save dance itself...

Theatre/Sarah Hemming Beast on the Moon

It is not radical, experimental or challenging, but there is something very appealing about Richard Kalinoski's play at BAC in Battersea...

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COMMENT & ANALYSIS



Martin Wolf
Korea's German lesson

Successful reform of the North Korean regime would be better for political stability and economic growth in the South than its sudden and complete collapse

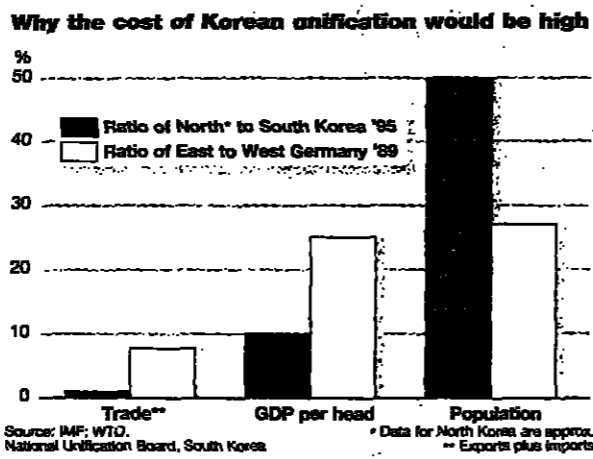
At the limits of Stalin's vast empire lay two divided countries. The one in the west, Germany, was the dismembered remains of Hitler's Third Reich. The one in the east, Korea, was the innocent victim of Stalin's declaration of war on Japan at the end of the second world war. Germany is now reunited. With North Korea in a parlous state, South Koreans might expect a similarly swift end to the division of their ancient country. But should they also hope for it? The answer, alas, is no.

trade might be defended as a natural consequence of the emphasis on *jauche*, or self-reliance. Yet self-reliant North Korea is not. It is even unable to feed itself without substantial foreign aid.

Economic growth in South Korea has averaged about 9 per cent a year since 1962, multiplying GDP some 17 times. Poorer than Ghana a generation ago, it is now the world's 11th largest trading power and stands on the verge of becoming a high-income country, with GDP per head at US\$10,200 last year. As for the North, it languishes at about the level of Egypt.

GDP, it has full employment, and the money required to sustain north Koreans at their current standards of living would be modest, because they are so poor. Against this, South Korea has half the income per head of west Germany, has had greater difficulty in maintaining monetary stability, and is still only a fledgling democracy.

West Germany, despite the persistent gap in productivity, that turned the initial collapse in output into a long-term disaster. Heiner Flassbeck and Gustav Horn of the German Institute for Economic Research (DIW) in Berlin, argue that five years after unification, the problem remains how to bring earned incomes into line with productivity.



Alice Rawsthorn on how the risky signing of a pop star paid off
Older, wiser and much, much richer

Signing a star is always risky for a record label, but the odds were particularly high against the success of last summer's deal under which Virgin Music and DreamWorks paid \$55m (\$26m) for George Michael.



George Michael: happy with response to his latest album

Virgin. "Some of his concepts aren't ones that we'd have come up with, but they make sense once he explains them. And they've worked."

Pfizer forum
New Life for the Atlantic Relationship

BY GERALD FROST

Intellectual, business and political leaders from the U.S. and Europe have launched the New Atlantic Initiative. Its purpose is to stress the huge potential benefits in economic as well as in political and security terms - of rebuilding an enlarged, secure and outward-looking Atlantic community in the light of recent changes. The distinguished past and present statesmen who have given their

and ex-public servants from a dozen countries has launched the New Atlantic Initiative. Its purpose is to stress the huge potential benefits in economic as well as in political and security terms - of rebuilding an enlarged, secure and outward-looking Atlantic community in the light of recent changes. The distinguished past and present statesmen who have given their

Western co-operation - and where necessary to devise new ones - in order to deal with these would be likely to heighten political instability, diminish the West's capacity to respond to emerging military threats, while increasing the dangers of fragmentation to the world's trading system. In Central and Eastern Europe, as President Havel warned in the opening address of the Congress,

Five years have now passed since the Soviet collapse provided the West with an historic opportunity to mould the approaching millennium in its own political and economic image. But there are worrying signs that it is proving less able to deal with the consequences of its success in opposing Soviet communism than it was in dealing with the conditions of Cold War adversity.

Conversely, the creation of a larger and secure Atlantic Community entity, based on values and shared historical experience - in which the Central Europeans would be fully accommodated - could ignite a burst of Atlantic prosperity greater than any for half a century through the stimulation of trade and competition. This might be accomplished through a major US-European initiative to liberalise trade through the WTO, or if this were to fail, through the creation of a

"Time is working against the democrats." Conversely, the creation of a larger and secure Atlantic Community entity, based on values and shared historical experience - in which the Central Europeans would be fully accommodated - could ignite a burst of Atlantic prosperity greater than any for half a century through the stimulation of trade and competition. This might be accomplished through a major US-European initiative to liberalise trade through the WTO, or if this were to fail, through the creation of a

bleeding to the enterprise by becoming patrons include Margaret Thatcher, Leszek Balcerowicz, Helmut Schmidt, Vaclav Havel, Henry Kissinger, and George Shultz. An equally distinguished advisory council has helped shape its plans.

Its first public event - the Congress of Prague, attended by more than 300 political and business leaders and intellectuals on May 10-12, 1996 - concluded with a statement of Atlantic principles: a robust and unapologetic expression of belief in individual liberty, the market economy and democratic pluralism. The practical aim is the creation of a new Atlantic movement dedicated to the aim of halting and reversing the political trends that have resulted in Europe and America drawing apart, and of redefining Atlanticism.

Trans-Atlantic Free Trade Area. Such a project would lend new meaning to America's military commitment to Europe while helping to stabilise the still economically and politically fragile new members. It would also provide a unifying purpose, enabling a new, confident Alliance of free nations to claim the new millennium as their own.

Against this background, an ad hoc group of scholars, writers, business leaders

Failure to adapt the institutions of

des Wilson, director corporate and public affairs. BAA, 130 Wilton Road, London SW1V 1LQ, UK

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL. We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

CBI support for EU good for British business

From Mr Niall FitzGerald. Sir, Arguing the benefits to business of European Union membership does not make Sir Bryan Nicholson "a frustrated politician", as Sir Owen Green suggested (Letters, May 24). The benefits to British business of the EU, and the single market in particular, are clear. The EU now accounts for 53 per cent of British trade. And by being a strong voice for liberal international trade in the General Agreement on Tariffs and Trade and the World Trade Organisation - far stronger than Britain alone could ever be - it helps open up business opportunities beyond its borders.

that business support for membership of the Union is overwhelming. As president of the Confederation of British Industry, it was Sir Bryan's job to put that case as clearly and forcefully as necessary. That is not politics, it is good business.

straying away from a defence of business issues and into the realms of politics. Bryan's speech argued strongly for British membership of the European Union and against those who would put that membership at risk. I can think of few issues where business opinion is clearer than EU membership. In our last survey, 90 per cent of businesses said they were against withdrawal. And they hold that opinion not for political reasons, but because of the benefits of the single market. Given that weight of opinion, it would be an odd representative organisation that did not argue the case.

economic and business implications of membership, especially the single market, and made constructive comments for improvements. Had he strayed on to, say, justice and home affairs, or foreign and security policy, Sir Owen would have a case. As he stuck to matters of direct and daily relevance to British businesses, I find it hard to see how he can be accused of straying off our patch.

Regulation good for BAA

From Mr Des Wilson. Sir, Let's be right ("BAA", May 22). BAA London airports are regulated and regulation is a serious business, but our regulatory regime has proved sound and stable. BAA and its customers are united in the priority they attach to the company being able to invest in a timely way to meet national aviation needs, while achieving some of the lowest landing fees in the world.

Advantages of issuing indexed bonds

From Mr P.M.W. Tucker. Sir, In welcoming the US Treasury's plan to introduce indexed bonds, you suggest that saving debt service costs will depend on whether or not the market is too pessimistic about future inflation ("Questioning bond markets", May 18/19). It is true that an issuer of indexed bonds will save money if inflation turns out *ex post* to be lower than the market expected. But this is only one possible source of lower financing costs. Another is that the issuer does not have

Repercussions of China energy demand

From Matthew Taylor MP. Sir, In her article "China energy demand" (May 20), Deborah Hargreaves rightly points out the "big implications for world fuel resources" of a dramatic rise in energy demand in China and Asia as a whole.

Advantages of issuing indexed bonds

to pay any inflation risk premium prior to the conventional bond market on account of inevitable uncertainty about the future course of inflation. That *ex ante* saving of the risk premium does not depend on the issuer taking any particular view about the path of inflation or whether the outlook for nominal bonds is bullish or bearish.

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday May 28 1996

A timely jolt for Mr Major

Mr John Major might have realised by now the dangers in appearing the Eurosceptic of his party. Three Conservative MPs have already resigned from the parliamentary party in protest at the prime minister's willingness to court favours among rightwing colleagues he once described as bastards.

WTO at sea

Last week's effective US withdrawal from World Trade Organisation talks on freeing maritime transport is regrettable, though hardly a surprise. The talks had long been paralysed by inertia in Washington. At least the US has finally made clear where it stands.

Ulster votes

An air of unreality hovers over the election being held in Northern Ireland this Thursday. The 110-seat 'forum' to be elected will wield neither executive nor legislative power. Nor will it draft or adopt the terms of a political settlement. That will be the task of negotiators drawn from its ranks, but selected by political parties, in separate talks due to start on June 10.

Peace path's deep divide

The Arab-Israeli peacemaking process is at stake as Israel goes to the polls, say Julian Ozanne and David Gardner

If Israel was any other country the government would be all but certain of victory in tomorrow's elections. Since taking office four years ago the Labour-led government of prime minister Shimon Peres has pushed hard to reach for peace with Israel's Arab neighbours in an attempt to end half a century of conflict in the Middle East.



Evenly divided is Israel between the hopeful 'peace camp' and the fearful 'national camp'. That with less than 24 hours to go to the opening of polling stations it is still impossible to predict the outcome of elections that could determine the prospects for Arab-Israeli co-existence into the next century.

OBSERVER

Mr Tortilla takes flight

Bill Franke, the man who piloted America West out of its recessionary nosedive, is determined to persist with his policy of not hiring experienced airline executives.

The peace negotiations. It has given the Palestinians self-government in Arab populated areas of the West Bank and Gaza and allowed the emergence of a nascent, democratically elected Palestinian government under PLO leader Yasser Arafat. It has also signed a final peace treaty with Jordan.

Dastardly deeds

Appropriately enough perhaps, two competing reports on country competitiveness are released this week.

Double trouble

The Free Democrats, the pro-business party founded by George Vassiliou, the former president of Cyprus, as a vehicle for his political comeback, won just two seats in Sunday's parliamentary election.

Financial Times

100 years ago

The Rio Grande River. A company is now being formed for the purpose of acquiring the rights to dam the Rio Grande river and utilise the water for irrigating portions of Southern New Mexico and Texas.

50 years ago

U.S. Credit for France. A last-minute hitch over what commodities France may buy with her U.S. credit is one of two factors which have caused delay in the signing of the loan agreement.

Personal service

From California, home of the politically correct. What do you call a ladies' man? A person person.

